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1980-81 GOVERNOR'S BUDGET SUMMARY

Edmund G. Brown Jr., Governor, State of California



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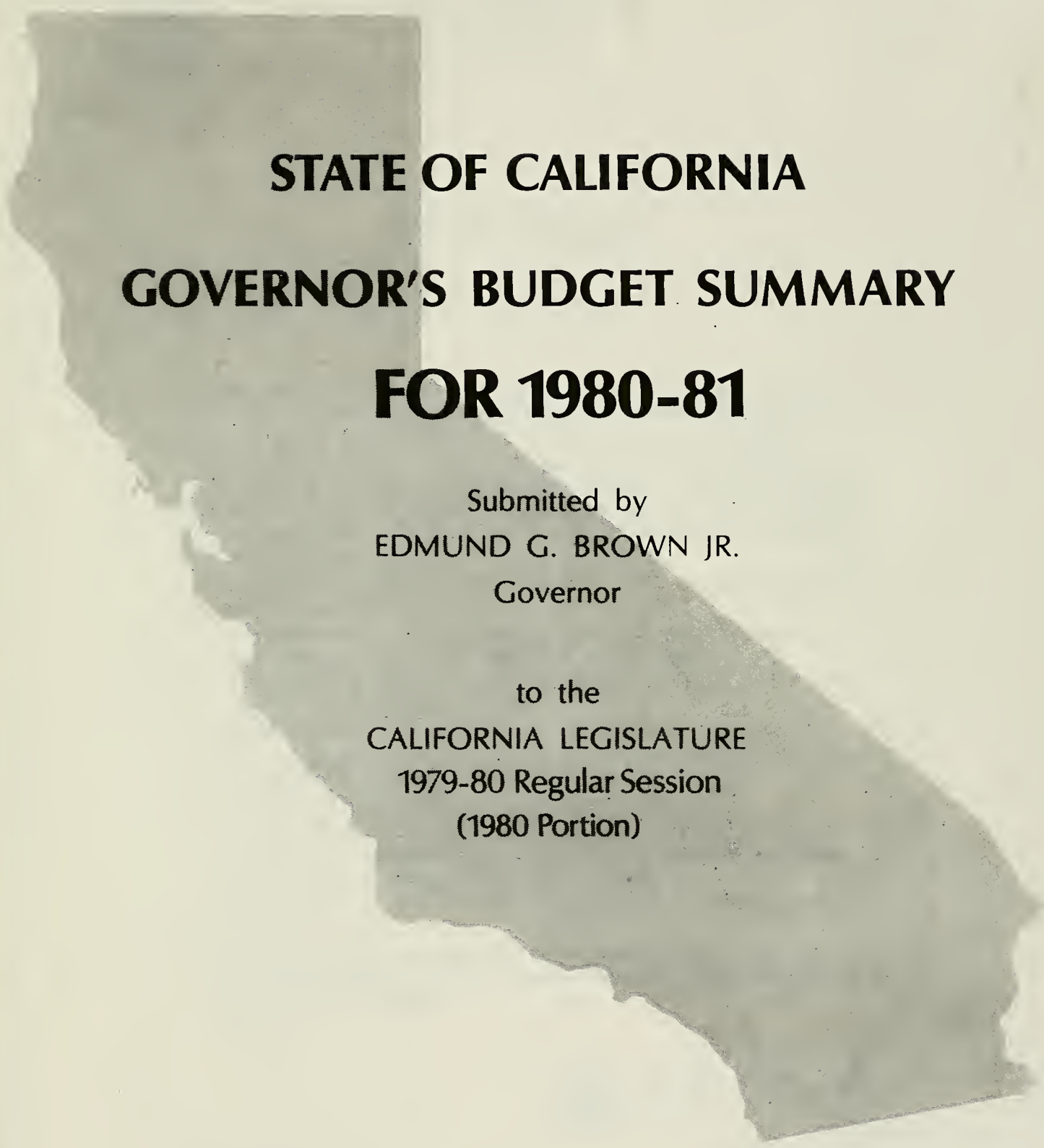


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A large, light gray silhouette of the state of California is positioned in the background, spanning most of the page width and height.

STATE OF CALIFORNIA

GOVERNOR'S BUDGET SUMMARY

FOR 1980-81

Submitted by
EDMUND G. BROWN JR.
Governor

to the
CALIFORNIA LEGISLATURE
1979-80 Regular Session
(1980 Portion)



State of California

GOVERNOR'S OFFICE
SACRAMENTO 95814

EDMUND G. BROWN JR.
GOVERNOR

January 10, 1980

Budget Message

To the Members of the Legislature of California:

Today I submit a budget for difficult times. This budget will reduce the growth in government spending below the rate of inflation and well below the limits imposed by the recently passed Gann Initiative.

This budget marks the end of the era of large State surpluses. The budget contains a reserve of \$400 million dollars in the event the State experiences a more severe economic recession than currently predicted. This leaves the State with a surplus of only \$112 million at the end of the 1980-81 budget year.

This budget meets the essential needs of the State and proposes major actions as follows:

1. Initiatives to protect California's environmental assets and to conserve energy in both the public and private sector.
2. A doubling of current funding to reduce the dangers from toxic chemicals and hazardous wastes.
3. Significant increases in the State's commitment to mass transit.
4. More than 40% increase in State funding in California's mental health programs over a two-year period.
5. A 50% increase in the State's commitment to the arts.
6. A substantial increase in the economic and employment development programs designed to increase the skill levels and job opportunities of low income and minority workers.
7. Reauthorization and expansion of the California Conservation Corps.
8. A 50% increase in the number of students to be provided service through the master plan for special education in our elementary and secondary schools.

A handwritten signature in black ink, reading "Edmund G. Brown Jr." followed by a large, stylized flourish.

Governor

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Schedule 1

GENERAL BUDGET SUMMARY ^a

	Reference to Schedule	General Fund	Special Fund ¹	Budget Expenditure Totals	Selected Bond Fund Expenditures	Expenditure Totals Including Bond Funds
1978-79						
Prior year resources available	4	\$3,937,748,960	\$897,672,749			
Revenue and transfers.....	2	15,218,503,155	2,492,896,255			
Expenditures	3	16,250,774,406	2,297,835,101	\$18,548,609,507	\$196,357,079	\$18,744,966,586
Reserves	4	225,328,622	345,094,957			
BALANCE AVAILABLE.....	4	\$2,680,149,087	\$747,638,946			
Federal Revenue Sharing Fund—cash ^b	4	281,694,377				

1979-80						
Prior year resources available	4	\$2,905,477,709	\$1,092,733,903			
Revenue and transfers.....	2	17,781,010,304	2,788,283,837			
Expenditures	3	18,706,371,786 ^c	3,045,585,362	\$21,751,957,148	\$346,790,371	\$22,098,747,519
Reserves	4	145,359,932	59,369,082			
BALANCE AVAILABLE.....	4	\$1,834,756,295	\$776,063,296			
Federal Revenue Sharing Fund—cash ^b	4	289,950,000				

1980-81						
Prior year resources available	4	\$1,980,116,227	\$835,432,378			
Revenue and transfers.....	2	19,283,989,324	2,984,589,256			
Proposed legislation— tidelands oil revenue	2	77,838,280	—			
Expenditures	3	20,748,402,383 ^c	3,099,195,200	\$23,847,597,583	\$156,701,146	\$24,004,298,729
Reserves:						
Unencumbered Balance of Continuing Appropriations	4	80,873,921 ^d	31,519,454			
Economic uncertainties.....		400,000,000	—			
BALANCE AVAILABLE.....	4	\$112,667,527	\$689,306,980			
Federal Revenue Sharing Fund—cash ^b	4	160,900,000				

^a The General Budget Summary includes the revenues and expenditures of all state funds that reflect the cost of state government and selected bond fund expenditures. The transactions involving other nongovernmental cost funds are excluded.

^b These funds are in a trust fund and reserved until appropriated by the Legislature.

^c Based on historical trends, General Fund expenditures have been reduced to include Estimated Unidentifiable Savings of \$150,000,000 in the 1979-80 fiscal year and \$200,000,000 in the 1980-81 fiscal year.

^d Includes \$72,290,438 reserved by the Legislature in the Budget Act of 1978 for construction of state office buildings. The original reserve was \$142.6 million, of which \$33.1 million was appropriated in the Budget Act of 1979 and \$37.2 million is proposed for appropriation in the Budget Act of 1980.

	1978-79	1979-80	1980-81
General Fund:			
Current revenue and transfers	\$15,218,503,155	\$17,781,010,304	\$19,361,827,604
Current expenditures:			
Total fiscal year expenditures	16,250,774,406	18,706,371,786	20,748,402,383
Adjustment for expenditures chargeable against unen- cumbered balances:			
Ending reserves	225,328,622	145,359,932	80,873,921
Beginning reserves	—200,751,727	—225,328,622	—145,359,932
	\$24,576,895	—\$79,968,690	—\$64,486,011
Current Expenditures from current income.....	\$16,275,351,301	\$18,626,403,096	\$20,683,916,372
Excess (+) or deficit (—) of current income	—\$1,056,848,146	—\$845,392,792	—\$1,322,088,768

Schedule 1-A
GENERAL FUND
BALANCES AVAILABLE FOR APPROPRIATION JUNE 30, 1980
Reconciliation of the Changes from the Previous Budget Estimates

	<i>1978-79 Fiscal Year (From current year to past year)</i>	<i>1979-80 Governor's Budget (previous estimate)</i>	<i>1980-81 Governor's Budget (revised estimate)</i>	<i>Changes to balance available</i>
Revenues and Transfers:				
Revenues		\$14,700,114,534	\$14,900,456,553	\$200,342,019
Transfers		298,379,953	318,046,602	19,666,649
Outgo:				
State Operations		3,106,418,866	3,062,948,320	43,470,546
Capital Outlay		188,318,182	115,616,684	72,701,498
Local Assistance		13,213,782,328	13,072,209,402	141,572,926
Totals, Expenditures		\$16,508,519,376	\$16,250,774,406	\$257,744,970
Prior year adjustments		-	50,888,323	50,888,323
	<i>1979-80 Fiscal Year (From budget year to current year)</i>			
Revenues and Transfers:				
Revenues		\$15,711,699,671	\$17,464,036,993	\$1,752,337,322
Transfers		283,561,661	316,973,311	33,411,650
Outgo:				
State Operations		3,219,454,593	3,774,658,676	- 555,204,083
Capital Outlay		200,489,030	232,928,799	- 32,439,769
Local Assistance		13,668,132,936	14,698,784,311	- 1,030,651,375
Totals, Expenditures, Budget		\$17,088,076,559	\$18,706,371,786	-\$1,618,295,227
Reserve for unencumbered balances of continuing appropriations		\$841,009,848	\$145,359,932	\$695,649,916
EFFECT OF REVISED ESTIMATES AS REPORTED IN THE 1980-81 GOVERNOR'S BUDGET				\$1,391,745,622
BALANCE AVAILABLE, June 30, 1980, as estimated in the 1979-80 budget				\$443,010,673
BALANCE AVAILABLE, June 30, 1980, as estimated in the 1980-81 budget				\$1,834,756,295
Federal Revenue Sharing Fund—Cash				160,900,000

Schedule 1-B
GENERAL FUND
STATEMENT OF FINANCIAL CONDITION¹
June 30, 1979

ASSETS		<i>General Fund Balances</i>
Cash		
In State Treasury		\$1,905,692,645
In Agency Accounts		292,377,942
Total		<u>\$2,198,070,587</u>
Accounts Receivable—Current		
Abatements and reimbursements		\$267,579,455
Revenues		270,772,122
Due from other funds		938,767,598
Other current receivables		40,705,673
Total		<u>\$1,517,824,848</u>
Accounts Receivable—Deferred		
Revenues		\$16,676,056
Due from other funds		48,830,590
Interfund building loans		11,084,862
Due from local governments		1,975,801
Other deferred receivables		41,459,601
Total		<u>\$120,026,910</u>
Less reserve for deferred accounts receivable		<u>—\$120,026,910</u>
Deferred Charges		
Advance for counties for social welfare		\$39,553,533
Payment to other funds		10,382,485
Other deferred charges		7,496,051
Total		<u>\$57,432,069</u>
TOTAL OPERATING ASSETS		<u>\$3,773,327,504</u>
LIABILITIES		
Accounts Payable		
State Operations		\$320,884,707
Local Assistance		479,428,450
Capital Outlay		12,623,587
Total		<u>\$812,936,744</u>
Due to other funds		26,647,305
Other liabilities		8,926,657
Total Liabilities		<u>\$848,510,706</u>
Reserve for uncleared collections		\$19,339,089
TOTAL LIABILITIES, RESERVES AND AVAILABLE BALANCE		<u>\$3,773,327,504</u>
RESERVES AND AVAILABLE BALANCE		
Reserve for unencumbered balance of continuing appropriations		\$225,328,622
Available balance		2,680,149,087
Total reserves and available balance		<u>\$2,905,477,709</u>
TOTAL LIABILITIES, RESERVES AND AVAILABLE BALANCE		<u>\$3,773,327,504</u>

FIXED ASSETS		<i>General Fund Balances</i>
State's Investment in Fixed Assets		\$2,833,000,000
TOTAL FIXED ASSETS		<u>\$2,833,000,000</u>
LONG-TERM OBLIGATIONS		
Amount to be provided from future revenues and school districts		\$3,767,875,842
General obligations bonds		\$6,017,865,000
Less: self-liquidating bonds		<u>—3,218,105,000</u>
Net general bonded debt		\$2,799,760,000
Interest payable in future years		968,115,842
Net Total Long-Term Obligations		<u><u>\$3,767,875,842</u></u>

¹ The data that appears in this statement appears in the report of the State Controller for the year ended June 30, 1979.

TOTAL STATE SPENDING PLAN

Schedule 1-C is included for informational purposes to show in one place the State's total spending plan. It provides a means of comparing the total State resources used on a year-to-year basis. In addition to the General Fund, Special Funds and Selected Bond Funds, Schedule 1-C shows expenditures from nongovernmental cost funds and Federal funds. The latter two groupings have not traditionally been included as part of State summary expenditures in Governors' budgets.

A basic premise in such a consolidation as this is that the State is the financial unit and individual funds are subsidiary units to the State. This is similar to financial units in the private sector in which diversified commercial corporations with several subsidiaries report their operation on a consolidated basis—but is a contrast to traditional governmental accounting, which has held that the individual funds are the financial units and should not be consolidated with other funds or types of funds.

The consolidation in Schedule 1-C presents some theoretical and practical problems. From a theoretical standpoint, it combines all funds and gives the illusion that spending occurs in the same manner regardless of fund. This is not the case: the General Fund, Special Funds and Bond Funds are accounted for on a modified accrual basis; the Public Service Enterprise Funds, Working Capital and Revolving Funds, Retirement Funds and Trust and Agency Funds are accounted for on an accrual basis; and the Health Care Deposit Fund and General Fund appropriations to Medi-Cal are accounted for on a cash basis.

This combination also may give the illusion that total State spending is authorized and controlled through the annual budget process. This is not the case. Each fund is created for a specific purpose and its spending is dictated based on the provision of the Constitution or Statute under which it was created. In essence, each fund is a separate fiscal and legal entity that operates under the specific legal provisions that created it. Many expenditures from funds are authorized by the Constitution or other statutes besides the Budget Act.

From a practical standpoint, Schedule 1-C is only an approximation. For example, it includes some duplicate amounts and does not include reimbursements. Some duplications are spending from the Department of General Services' Service Revolving Fund, which are also included in spending of departments, and from Workers' Compensation, Unemployment Insurance and Nondisability Insurance Benefits, which have been previously collected from State agencies. Other duplications include amounts from bond proceeds, which are included both when bond proceeds are spent and when debt service is paid, and Federal Revenue Sharing, which is included as spending from the Federal Revenue Sharing Fund and also from the General Fund when the funds are transferred to and expended from it.

Schedule 1-C does not include reimbursements received from the public or other levels of government, as these are deducted from State expenditures.

Schedule 1-C Total State Spending Plan Governmental Cost, Nongovernmental Cost and Federal Funds (thousands)

<i>Funds</i>	<i>1978-79</i>	<i>1979-80</i>	<i>1980-81</i>
Governmental Cost Funds:			
General Fund.....	\$16,250,774	\$18,706,372	\$20,748,403
Special Funds.....	2,297,835	3,045,585	3,099,195
Totals, Governmental Cost Funds	\$18,548,609	\$21,751,957	\$23,847,598
Selected Bond Funds	196,357	346,790	156,701
Totals, Governmental Cost and Selected Bond Funds	\$18,744,966	\$22,098,747	\$24,004,299
Nongovernmental Cost Funds:			
Public Service Enterprise Funds	1,751,539	2,167,953	2,367,202
Working Capital and Revolving Funds	190,390	264,084	287,907
Bond Funds—Other	159,066	173,856	193,840
Retirement Funds	1,320,007	1,444,218	1,595,170
Other Nongovernmental Cost Funds	1,351,748	1,653,744	1,971,185
Totals, Nongovernmental Cost Funds	\$4,772,750	\$5,703,855	\$6,415,304
Federal Funds	7,452,647	8,415,379	9,257,386
TOTALS, SPENDING, ALL FUNDS	\$30,970,363	\$36,217,981	\$39,676,989

The following provides supplemental detail for the significant funds and amounts which comprise the various categories of Nongovernmental Cost Funds:

(in thousands)

<i>Funds</i>	<i>1978-79</i>	<i>1979-80</i>	<i>1980-81</i>
PUBLIC SERVICE ENTERPRISE FUNDS:			
Veteran's Farm and Home Building Fund of 1943	\$569,827	\$853,930	\$875,239
Harbors and Watercraft Revolving Fund	14,374	16,245	19,251
Central Valley Water Project Revenue Fund	26,299	24,411	32,833
California Water Resources Development Bond Fund.....	132,107	158,724	168,244
Central Valley Water Project Construction Fund.....	11,388	64,287	45,997
Unemployment Compensation Disability Fund.....	508,599	525,475	634,318
Continuing Education Revenue Fund.....	16,341	13,984	15,211
State Compensation Insurance Fund ¹	402,361	438,800	469,000
Others (Including Toll Bridge Funds).....	70,243	72,097	107,109
Totals, Public Service Enterprise Funds.....	\$1,751,539	\$2,167,953	\$2,367,202
WORKING CAPITAL AND REVOLVING FUNDS:			
Architecture Revolving Fund	\$6,209	\$8,144	\$8,481
Service Revolving Fund	136,836	167,705	178,698
Stephen P. Teale Consolidated Data Center Revolving Fund.....	13,533	18,234	18,314
Correctional Industries Revolving Fund	20,912	23,845	26,244
Others	12,900	46,156	56,170
Totals, Working Capital and Revolving Funds.....	\$190,390	\$264,084	\$287,907
BOND FUNDS—OTHER:			
Public School Building Loan Fund.....	\$6,124	\$5,292	\$6,490
State School Building Aid Fund	152,942	168,564	187,350
Totals, Bond Funds—Other.....	\$159,066	\$173,856	\$193,840
RETIREMENT FUNDS:			
Benefits Paid: ²			
Judges' Retirement Fund	\$16,150	\$18,057	\$20,036
Legislators' Retirement Fund	1,991	2,176	2,400
Public Employees' Retirement Fund	726,052	801,933	879,511
Teachers' Retirement Fund	556,065	597,963	666,720
Totals Benefits Paid	\$1,300,258	\$1,420,129	\$1,568,667
Support	19,749	24,089	26,503
Totals, Retirement Funds.....	\$1,320,007	\$1,444,218	\$1,595,170
OTHER NONGOVERNMENTAL COST FUNDS:			
County Funds	\$37,634	\$235,169	\$260,488
University Funds.....	869,857	973,440	1,068,033
Federal Revenue Sharing	276,200	276,200	276,200
Others	168,057	168,935	366,464
Totals, Other Nongovernmental Cost Funds.....	\$1,351,748	\$1,653,744	\$1,971,185

¹ Includes the following amounts for benefits paid which are not reflected in the Governor's Budget. Estimated by the Department of Finance based upon industry trends.

STATE COMPENSATION INSURANCE FUND:

Benefits Paid	\$336,494	\$360,000	\$385,000
Support	65,867	78,800	84,000
Totals, State Compensation Insurance Fund	\$402,361	\$438,800	\$469,000

² Includes benefits paid which are reflected only in Fund Condition Statements in the Governor's Budget.

CHART 1
REVENUE DOLLARS
 (amounts in millions)
 1980-81 FISCAL YEAR

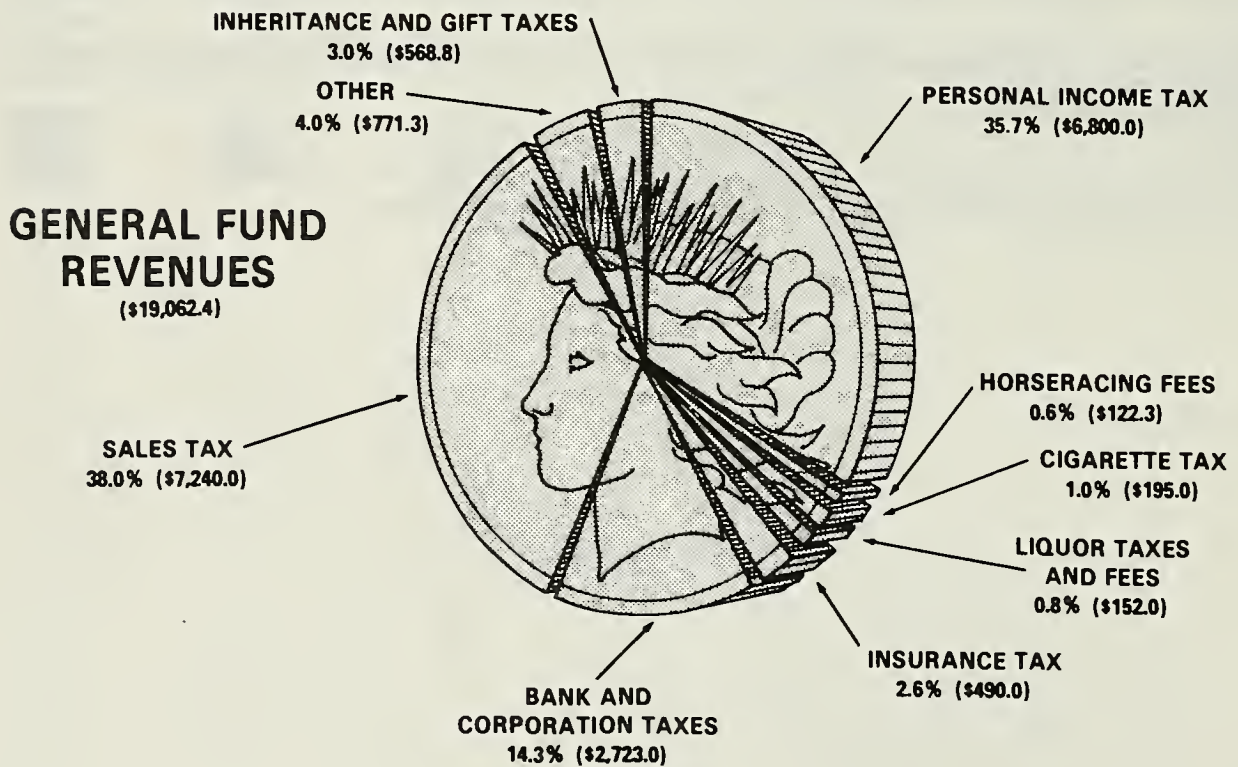
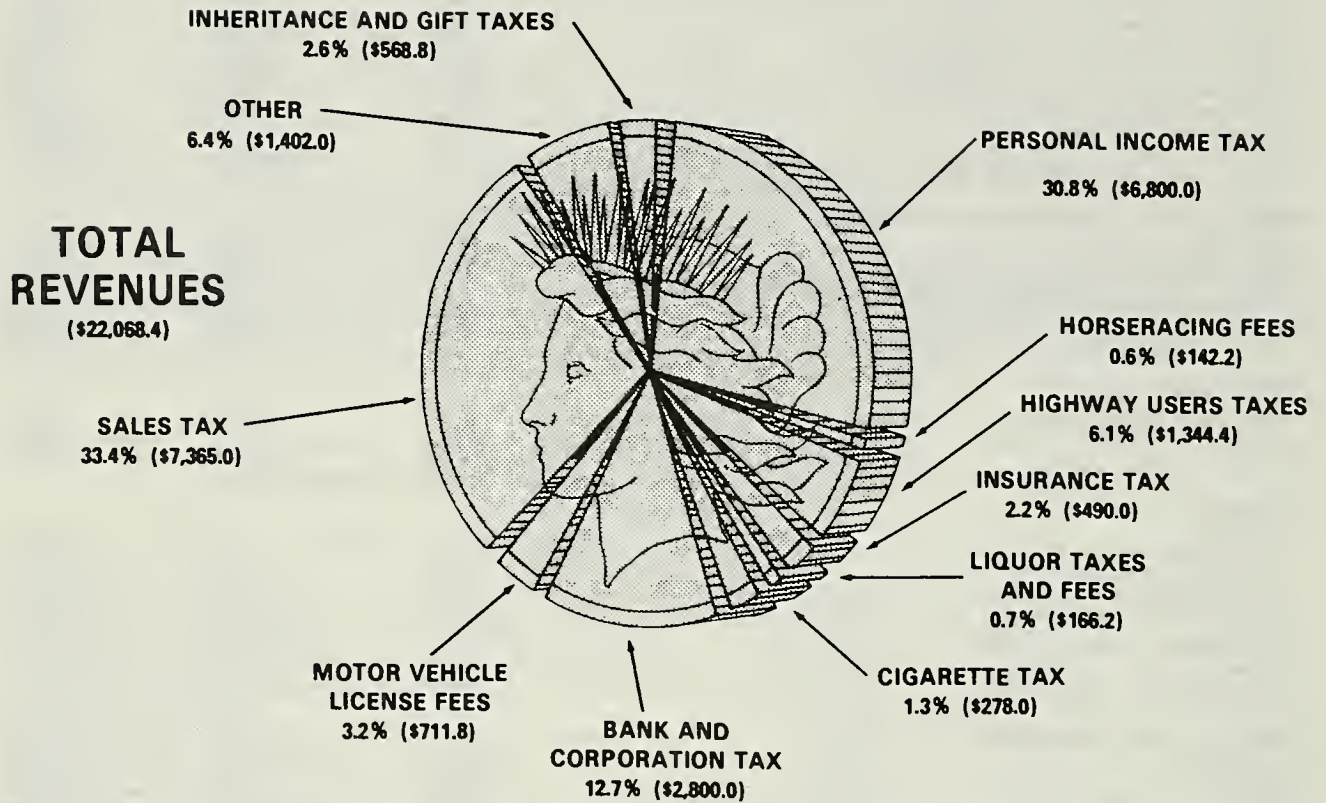


CHART 2
BUDGET EXPENDITURE DOLLARS
 (amounts in millions)
 1980-81 FISCAL YEAR

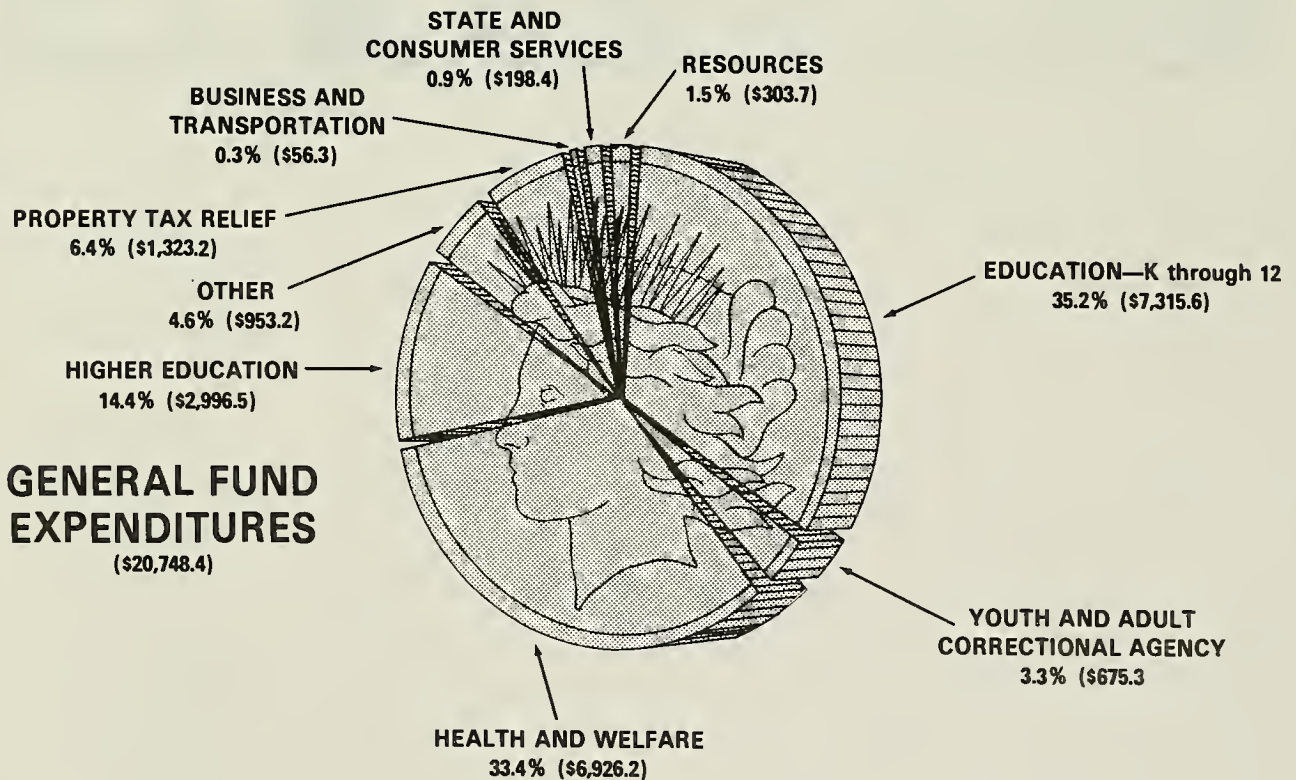
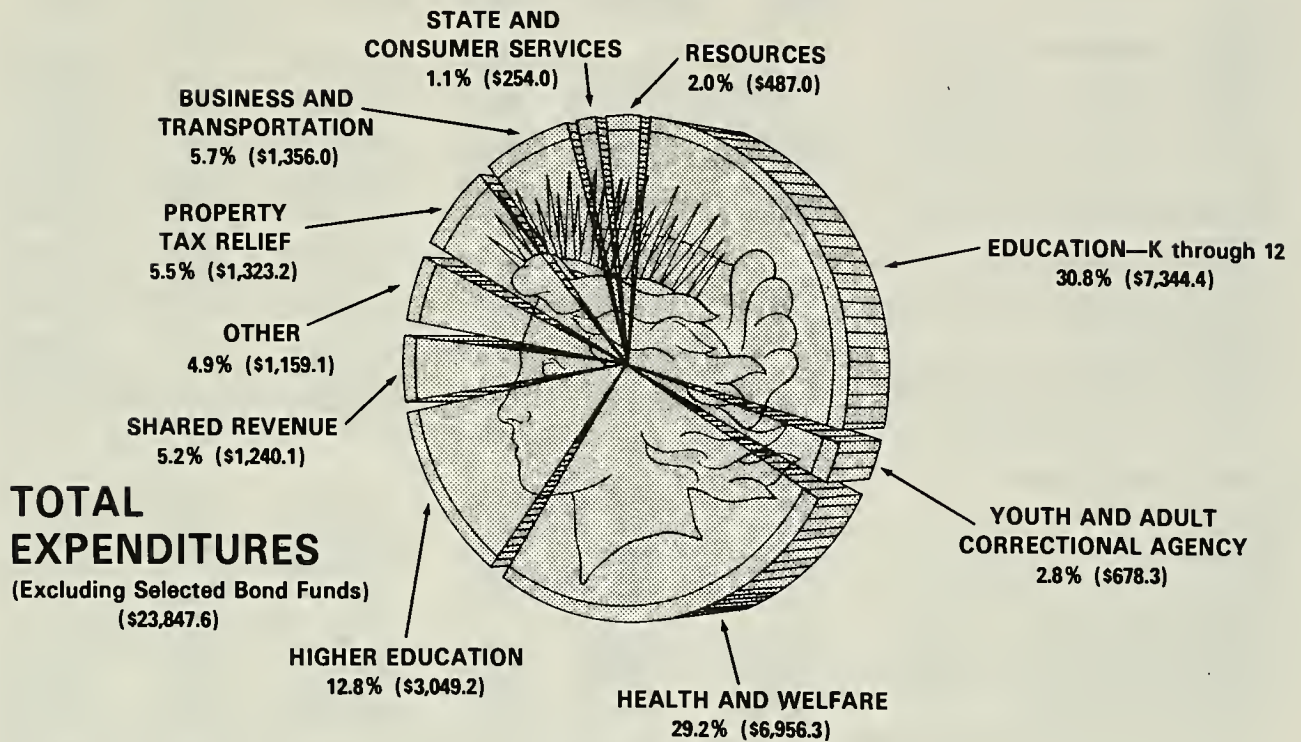


TABLE 1

PERSONNEL YEARS AND SALARY COST ESTIMATES
(Excludes Staff Benefits)

FUNCTION	1978-79 Fiscal Year		1979-80 Fiscal Year		1980-81 Fiscal Year	
	Personnel years	Net salaries and wages	Personnel years	Net salaries and wages	Personnel years	Net salaries and wages
Legislative/Judicial/Executive:						
Legislative	338.1	\$7,105,917	334.3	\$8,036,677	342.8	\$8,499,501
Judicial.....	989.7	35,427,669	1,077.4	40,910,786	1,115.4	43,009,320
Executive.....	7,247.7	122,515,420	7,625	145,217,276	7,855.6	152,890,018
State and Consumer Services	10,402.7	154,367,033	11,208.2	188,947,133	11,448.3	195,838,912
Business and Transportation.....	30,867.6	519,040,705	31,443.1	612,566,131	31,952.6	621,929,125
Resources	14,167.9	237,335,028	14,282.4	273,721,863	14,065.5	275,615,593
Health and Welfare	40,460.9	619,026,975	41,025.2	723,121,593	41,140.7	737,881,851
Education:						
Education	2,650.3	45,647,405	2,879.2	55,513,788	2,936.5	57,217,827
Higher Education.....	90,152	1,505,021,722	88,047.2	1,753,393,839	88,238.7	1,816,628,275
Youth and Adult Correctional	12,805.6	237,713,063	12,868.5	266,527,978	13,130.7	275,957,616
General Government:						
General Administration.....	8,447.6	144,193,028	8,528.9	164,050,658	8,891	174,848,202
Unallocated salary increase.....	-	-	-	215,593,471	-	427,184,000
Totals.....	218,530.1	\$3,627,393,965	219,319.4	\$4,447,601,193	221,117.8	\$4,787,500,240
Salary Savings—Section 27.2	(-)	(-)	(-1,018.6)	(-19,904,497)	(-)	(-)
POSITION CLASSIFICATION						
Constitutional officers	126.9	\$3,343,389	129	\$3,629,604	129	\$3,889,079
Statutory	206.3	9,482,949	227.9	11,973,252	227.9	11,983,312
Civil service.....	126,282.1	2,056,969,152	130,084.3	2,422,249,267	130,696.1	2,466,021,261
Superior court judges—part salary.....	561	23,349,137	607	26,300,390	607	27,309,230
Exempt—Other.....	1,617.4	36,057,073	1,707.8	42,877,415	1,699.5	43,443,656
Exempt—Higher Education:						
University of California.....	54,136.4	862,635,208	53,147.6	992,266,525	53,551.7	1,041,961,728
Auxiliary facilities—University of California	2,130.1	72,082,640	1,709.6	87,267,395	1,709.6	91,736,395
Hastings College of Law	170	3,532,422	195.6	4,587,545	216.6	4,937,555
State University and Colleges	31,668.7	541,359,091	31,006	642,271,524	30,683.5	649,624,967
Auxiliary State University and College Facili- ties	1,631.2	18,582,904	1,523.2	18,489,302	1,596.9	19,409,057
Unallocated salary increase.....	-	-	-	215,593,471	-	427,184,000
Totals.....	218,530.1	\$3,627,393,965	220,338	\$4,467,505,690	-	-
Salary savings—Section 27.2.....	-	-	-1,018.6	-19,904,497	-	-
Net Totals	218,530.1	\$3,627,393,965	219,319.4	\$4,447,601,193	221,117.8	\$4,787,500,240

TABLE 1A
POSITIONS AND SALARY COST ESTIMATES
(Excludes Staff Benefits)

Function	1978-79 Fiscal Year		1979-80 Fiscal Year		1980-81 Fiscal Year	
	Actual Positions ¹	Total Salaries and Wages	Estimated Positions ²	Total Salaries and Wages	Proposed Positions ¹	Total Salaries and Wages
Legislative/Judicial/Executive:						
Legislative	338.1	\$7,105,917	336.5	\$8,082,894	344	\$8,540,975
Judicial	989.7	35,427,669	1,078.9	40,945,786	1,116.9	43,044,320
Executive	7,247.7	122,515,420	7,973.1	152,458,802	8,137.2	158,791,381
State and Consumer Services	10,402.7	154,367,033	11,560.4	194,176,468	11,707.8	200,258,401
Business and Transportation	30,867.6	519,040,705	32,305.8	630,151,044	32,959.4	642,852,816
Resources	14,167.9	237,335,028	14,906.5	283,955,520	14,520.5	282,502,897
Health and Welfare	40,460.9	619,026,975	43,582.5	765,295,720	43,395.1	771,016,117
Education:						
Education	2,650.3	45,647,405	2,974.6	57,406,531	3,003.2	58,626,516
Higher Education	90,152	1,505,021,722	88,939	1,773,500,800	89,958	1,851,402,154
Youth and Adult Correctional	12,805.6	237,713,063	13,331.5	276,946,958	13,547.3	285,189,776
General Government:						
General Administration	8,447.6	144,193,028	8,974.9	173,028,852	9,249.6	181,766,524
Unallocated Salary Increase	-	-	-	215,593,471	-	427,184,000
Totals	218,530.1	\$3,627,393,965	225,963.7	\$4,571,542,846	227,939	\$4,911,175,877
Less Statewide Salary Savings	-	-	-5,625.7	-104,037,156	-6,821.2	-123,675,637
Salary Savings—Section 27.2	-	-	-1,018.6	-19,904,497	-	-
Net Totals	218,530.1	\$3,627,393,965	219,319.4	\$4,447,601,193	221,117.8	\$4,787,500,240

¹ As shown in departmental budgets as "Totals, Salaries and Wages."

² Reflects "Totals, Salaries and Wages" as adjusted by Section 27.2 reductions.

TABLE 2
SUMMARY OF STATE POPULATION, EMPLOYEES, EXPENDITURES, AND CPI

Year	Population ¹ (thousands)	Employees	Population Per Employee	Personal Income (millions)	Expenditures		Expenditures per Capita		Expenditures per \$100 of Personal Income	
					General Fund ² (thousands)	Total ³ (thousands)	General Fund ²	Total ³	General Fund ²	
1950-51	10,887	61,000	178.5	\$19,774	\$587,081	\$1,006,339	\$53.92	\$92.43	\$2.74	\$4.69
1951-52	11,384	63,860	178.3	22,756	635,467	1,068,072	55.82	93.82	2.66	4.47
1952-53	11,870	65,720	180.6	25,214	713,764	1,176,719	60.13	99.13	2.71	4.46
1953-54	12,309	69,928	176.0	27,002	808,692	1,381,400	65.70	112.27	2.97	5.08
1954-55	12,761	74,099	172.2	27,682	852,017	1,422,452	66.77	111.47	2.95	4.93
1955-56	13,293	77,676	171.1	30,378	922,566	1,532,811	69.40	115.31	2.89	4.80
1956-57	13,879	88,299	157.2	33,177	1,029,812	1,732,467	74.20	124.83	2.99	5.02
1957-58	14,459	98,015	147.5	35,497	1,146,531	1,938,845	79.25	134.09	3.17	5.35
1958-59	15,015	101,982	147.2	37,324	1,245,929	2,066,187	82.98	137.61	3.20	5.31
1959-60	15,576	108,423	143.7	40,844	1,434,806	2,140,376	92.12	137.41	3.41	5.08
1960-61	16,112	115,737	139.2	43,020	1,678,081	2,525,394	104.15	156.74	3.81	5.73
1961-62	16,633	122,339	136.0	45,379	1,697,434	2,487,813	102.05	149.57	3.60	5.28
1962-63	17,214	128,981	133.5	48,802	1,881,134	2,800,381	109.28	162.68	3.74	5.56
1963-64	17,771	134,721	131.9	52,111	2,064,120	3,174,407	116.15	178.63	3.81	5.86
1964-65	18,258	143,896	126.9	56,171	2,344,842	3,651,945	128.43	200.02	4.07	6.33
1965-66	18,672	151,199	123.5	59,855	2,579,618	4,058,635	138.15	217.36	4.14	6.51
1966-67	19,044	158,404	120.2	64,913	3,017,197	4,658,899	158.43	244.64	4.49	6.93
1967-68	19,374	162,677	119.1	69,540	3,272,809	5,014,170	168.93	258.81	4.51	6.92
1968-69	19,667	171,655	114.6	76,114	3,908,783	5,672,852	198.75	288.45	4.91	7.13
1969-70	19,910	179,583	110.9	82,828	4,456,082	6,301,722	223.81	316.51	5.19	7.34
1970-71	20,143	181,581	110.9	88,553	4,853,860	6,556,325	240.97	325.49	5.33	7.20
1971-72	20,360	181,912	111.9	94,206	5,027,275	6,683,742	246.92	328.28	5.10	6.78
1972-73	22,553	188,460	119.7	102,539	5,615,684	7,421,705	249.00	329.08	5.24	6.93
1973-74	20,784	192,918	107.7	112,641	7,299,436	9,311,265	351.20	448.00	6.17	7.87
1974-75	21,050	203,548	103.4	125,579	8,345,642	10,276,490	396.47	488.19	6.32	7.78
1975-76	21,363	206,361	103.5	139,472	9,518,436	11,452,454	445.56	536.09	6.47	7.78
1976-77	21,714	213,795	101.6	155,626	10,467,097	12,631,717	482.04	581.73	6.38	7.70
1977-78	22,095	221,251	99.9	175,155	11,685,643	14,003,309	528.88	633.77	6.67	7.99
1978-79	22,472	218,530	102.8	199,010	16,250,774	18,744,967	723.16	834.15	8.17	9.42
1979-80 ⁶	22,846	219,319	104.2	226,510	18,706,372	22,098,748	818.80	967.29	8.26	9.76
1980-81	23,246	221,118	105.1	251,237	20,748,402	24,004,299	892.56	1,032.62	8.26	9.55

¹ Population as of January 1, the midpoint of the fiscal year.

² Excludes Special Accounts in General Fund beginning 1976-77.

³ Expenditures include payments from General Fund, Special Funds and Selected Bond Funds (beginning in 1957-58).

⁴ Includes Local Government Fiscal Relief.



Legislative, Judicial,
and Executive



State and
Consumer Services



Business and
Transportation
Agency



Resources



Health and Welfare



Education



Youth and Adult
Correctional



General
Government

Summary of A-Page Highlights

The Governor's Budget has traditionally included a narrative presentation in the "A Pages" to highlight the significant issues and changes included in the detailed departmental presentations. This year special write-ups are included for a number of issues because of their impact on all Californians. These special write-ups are presented on goldenrod colored pages. The more traditional A Pages for highlighting revenues and significant budget changes and accomplishments follow the special presentations.

Special Presentations

Energy Conservation/Alternatives and Resources Management
Tidelands Oil Income
Toxic Materials and Hazardous Wastes
Housing
Mass Transportation
Economic and Employment Development
Mental Health
California Arts Council
Proposition 4
Local Government Fiscal Relief
Cost-of-Living Increases
Summary of State Fiscal Data and Personnel-Years

Traditional Expenditure and Revenue Presentations

Legislative/Judicial/Executive
State and Consumer Services
Business and Transportation
Resources
Health and Welfare
Education
Youth and Adult Correctional
General Government
State-Mandated Local Programs
State Construction Program
Tax Expenditures
Revenue Estimates

Energy Conservation/Alternatives and Resources Management

California has established a reputation for innovation in a number of key policy areas and technologies. One such policy area is energy conservation and development in which many technological alternatives are being researched and tested in order to develop efficient, benign and renewable sources of energy. Over ninety-one percent of the State's energy needs are supplied by oil and natural gas, with oil filling almost two-thirds of these needs. Sixty-six percent of the State's electricity is generated from oil and natural gas. Twenty-five percent of the State's total energy supply comes from foreign nations (dominated by oil imports, but including significant imports of natural gas from Canada). It behooves us to strive to limit reliance on foreign energy and nuclear power and increase emphasis on conservation measures.

For a number of years, various State agencies, from the California Energy Commission and the Public Utilities Commission to the Department of General Services, Caltrans and the Office of Appropriate Technology, have been researching and testing various conservation measures and new energy technologies as an integral part of their daily operations. With the world energy situation becoming increasingly uncertain, however, the Governor has issued directives aimed at reducing electrical consumption and reliance on foreign oil. In addition, the Governor has become increasingly concerned with the

need for improved management and conservation of other natural resources.

In accordance with the Governor's directives and concerns, a number of state agencies have submitted new proposals totalling more than \$35 million. More than \$10 million is proposed from the General Fund and \$25 million from a proposed Energy and Resources Fund (ERF) to be established in separate legislation. Funds for the ERF are proposed from the anticipated increase in tidelands oil revenue as a result of deregulation of heavy crude oil prices. These proposals include both new initiatives and program expansions which either relate to the conservation and/or development of energy (totalling more than \$20 million), or to the management needs of other critical natural resources (totalling \$15 million). These proposals are in addition to support for agencies such as the California Energy Commission and the Public Utilities Commission, both of which are budgeted for expanded activities related to energy policies.

Improved energy efficiency and conservation in buildings offer the most significant opportunities for energy savings. Among the new initiatives, almost \$12 million is earmarked for such purposes. Included in this effort are an extremely efficient system for patient comfort conditioning at Napa State Hospital and a building efficiency program for Atascadero State Hospi-

tal. These projects and others were developed using a computerized, lifecycle cost analysis. A Statewide assessment team from General Services will rigorously examine future capital outlay investments for energy saving opportunities.

Non-building energy conservation measures also offer great potential for reducing reliance on imported oil. Almost \$3 million has been included in this Budget for such items as additional bicycle commuter facilities programs at Caltrans and expansion of the energy efficiency procurement program at General Services.

Cogeneration technologies provide efficient electrical generation together with the production of steam or heat. Cogeneration is a technology which offers twin advantages of using existing fuels more efficiently and decentralizing electrical power generation. As a part of the new energy initiatives, over \$2 million for cogeneration at Metropolitan, Napa and Atascadero State Hospitals is proposed.

California has led all other states in recognizing the potential of solar energy and in taking early steps to commercialize solar energy applications (including the nation's largest solar income-tax credit). Almost \$2 million has been included in this Budget for such items as solar water systems for the Resources Agency Building in Sacramento, California Highway Patrol buildings in Los Angeles and San Diego, and a Housing and Community Development labor camp. Funds have also been included for a photovoltaic peaking station for the Department of Water Resources to generate electricity and a retrofit solar program at various Department of Parks and Recreation sites.

Wind power offers the potential for cost-effective electricity from promising sites and hydroe-

lectric power offers additional opportunities as a renewable energy source. A large amount of agricultural, forestry and other biomass wastes have potential for energy conversion. Expenditures on these and other alternative technologies have been increased by more than \$1 million as an integral part of the Administration's new energy initiatives.

As a point of comparison, in the 1979-80 fiscal year, less than \$100 million (including appropriations from Chapters 161, 1123 and 1124, Statutes of 1979) will be expended for energy-related programs including energy conservation and development projects. In the 1980-81 fiscal year, largely as a result of the above-mentioned new initiatives and full implementation of legislation almost \$180 million is budgeted to be expended for energy-related programs including energy conservation and development projects.

In addition, as the State moves into a period of need for more intensive management of natural resources, more data collection is critical to planning for future programs, as is restoration and conservation of various habitats and environments. As mentioned previously, in order to meet these critical environmental needs, \$15 million is to be allocated to various Resources Agency departments from the Energy and Resources Fund (ERF). This allocation is to support programs or projects which are directed to conserve, restore, and/or enhance California's natural resources. Proposals for 1980-81 include such projects as geologic mapping and soils data collection for the Department of Conservation, reforestation of State School Lands for the State Lands Commission, and Wetlands restoration for the Department of Fish and Game.

Tidelands Oil Income

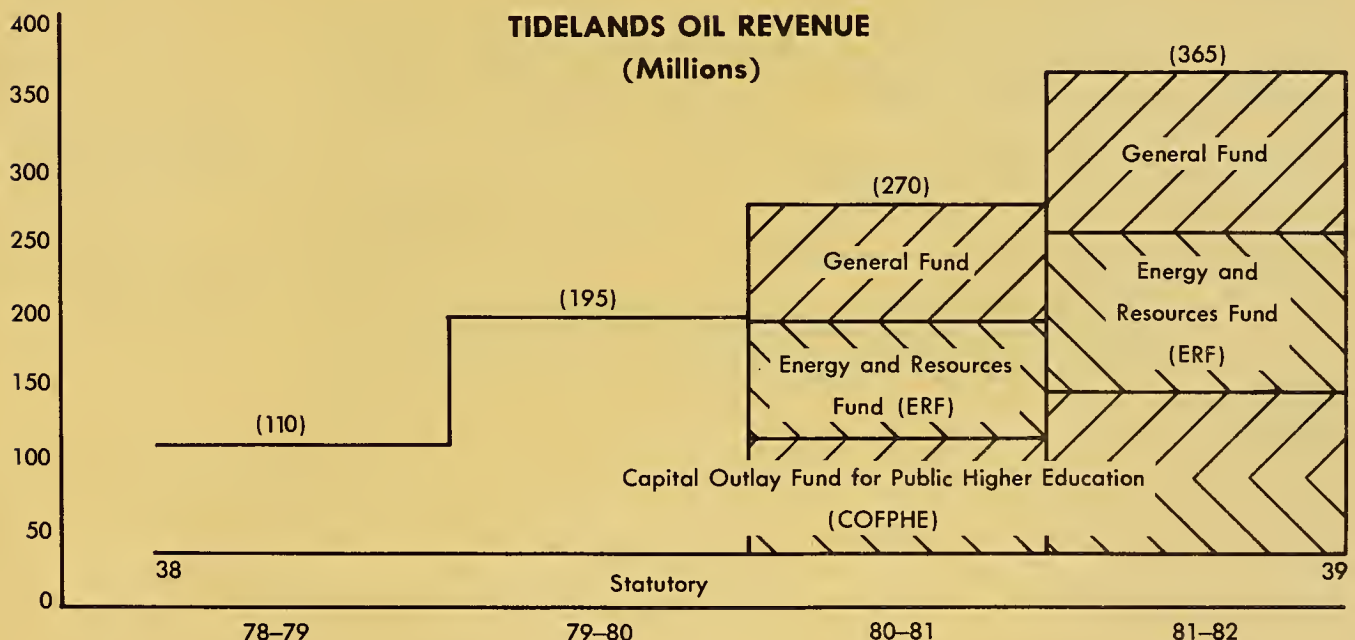
ADDITIONAL REVENUES

The Public Resources Code presently provides for the allocation of revenues received by the State from the sale of oil produced from tidelands which are principally located adjacent to the City of Long Beach. This allocation covers the annual expenditures by the State Lands Commission and a specific amount to the California Water Fund, the Central Valley Water Project Construction Fund, and to the Resources Agency for the Sea Grant Matching Program. In 1980-81 these statutory allocations amount to \$39.2 million. All revenues remaining after these specific distributions currently are deposited in the Capital Outlay Fund for Public Higher Education which is referred to as the "COFPHE Fund". This fund has been utilized for capital construction projects in the University of California, the California State University and Colleges, the California Community Colleges, and other education agencies.

As recently as three years ago (fiscal year 1977-78), the official forecasts of revenue from the State Lands Commission indicated that new

revenues to the COFPHE fund would cease to be available by 1981-82. This forecast was based upon the then existing Federal oil pricing regulations which discouraged production in these fields. Recent changes in Federal Pricing Regulations, the rapidly increasing prices paid for crude oil and the deregulation of heavy crude oil production, is expected to increase substantially the revenues received by the State and conversely the COFPHE fund. These additional revenues are primarily based upon changes in regulations controlling oil prices rather than increased oil production and can be considered to be a windfall to the State.

The forecasts of future State revenues which reflect the newly enacted indexing provisions and the State expenditures which reflect the response to the enactment of Proposition 13 requires a reassessment of the needs and policies concerning the use of Tidelands income. In allocating the increased Tidelands income, a high priority must be placed on improving the use of our energy resources and conserving our natural resources.



In response to these challenges, the Administration is proposing legislation to be effective July 1, 1980, to amend the Public Resources Code (Section 6217) to provide that, after current fixed allocations are made, the remaining Tidelands Oil Revenue will be annually allocated one-third to the Capital Outlay Fund for Public Higher Education (COFPHE); one-third to a newly created Energy and Resources Fund (ERF); and one-third to the General Fund. Any expenditures from these funds will be appro-

priated through the annual Budget Bill. Based upon the mid-range forecast of revenues by the State Lands Commission, the one-third allocation proposed would distribute approximately \$77 million to each fund in 1980-81 and \$109 million in 1981-82 after the deduction of the fixed transfers.

The proposed 1980-81 Governor's Budget schedules and fund condition statements reflect the anticipated enactment of this proposal during the 1980 Legislative Session.

Toxic Materials and Hazardous Wastes

The health and environment, of current and future generations are increasingly threatened by excessive use of chemicals—chemicals which spill forth in our water, in the workplace, on our highways, and from chemical dumps next door to homes and parks. Recent events document the pervasive danger of toxic substances in our society. In a substantial commitment of resources to reduce the danger and to secure improved control of toxic chemicals in California,

the Administration is proposing the addition of over \$6 million and 134 positions for the 1980–81 budget.

The following is a consolidated display of expenditures proposed in various program budgets intended to increase the State's effort in controlling toxic and hazardous materials in the environment. More complete descriptions can be found in the individual budgets of the appropriate departments indicated below.

<i>Program Budget</i>	<i>Description</i>	<i>1980–81 Expenditures</i>
<i>Executive</i>		
Office of Emergency Services	This office will develop emergency response plans for hazardous/toxic materials and develop and maintain a central hazardous substance information center regarding spills of toxic materials. Also included in this budget is a one-time increase of \$199,770 to purchase 30 kits of specialized equipment necessary for the proper handling of accidents involving hazardous materials. These kits will be strategically prepositioned throughout the State to provide emergency response time of one-half hour to areas of significant population and one hour to remote areas along principal routes of transportation.	\$294,932 3.0 pos.
Department of Industrial Relations	The Department will more actively pursue and eradicate problems associated with toxic substances in the workplace. This increase will permit the Department to analyze health data for the worker environment, initiate health inspections of work facilities and establish a 24-hour "hotline" for information necessary to deal with toxic spills.	\$716,487 19.0 pos.
<i>State and Consumer Services</i>		
Office of the State Fire Marshal	The State Fire Marshal's Office will develop a comprehensive statewide training program for State and local emergency personnel who are required to respond to hazardous materials incidents. Local police, firemen, and the California Highway Patrol will be included in the training.	\$317,316 3.0 pos.
<i>Resources</i>		
Water Resources Control Board	The Board will significantly increase monitoring, inspecting, regulating and enforcement activities related to the storage and discharge of toxic pollutants. The additional staff will also allow the Board to initiate testing of specified ground water basins for toxic pollutants and develop standards for siting new toxic disposal areas.	\$986,171 22.5 pos.
Air Resources Board	These additional resources will allow the Board to establish a Toxic Substance Control Program for the development of standards, regulations, and emission controls for airborne carcinogens, teratogens, and other toxic substances.	\$892,851 18.5 pos.
<i>Business and Transportation</i>		
California Highway Patrol	The Highway Patrol will implement a statewide pilot program of truck terminals inspection to determine the degree of compliance with existing regulations and laws as they relate to the transportation of hazardous wastes.	\$294,123 9.0 pos.
<i>Health and Welfare</i>		
Department of Health Services	Health Services will increase their surveillance and enforcement activities to reduce the illegal disposal of toxic wastes. In addition to increased enforcement of the laws governing the disposal of these wastes, the Department will also study alternative methods to the current practice of land fill disposal and study the short-term, as well as long-term, efforts on human health that toxic and hazardous materials can have on an individual once they have been exposed to such chemicals.	\$2,793,392 59.0 pos.
Total		\$6,295,272 134.0 pos.

HOUSING

Housing remains a top Administration priority. New housing initiatives are proposed and support to existing programs is continued.

Last year, the Administration proposed that \$100 million be reserved for a new program to stimulate the construction of rental housing for low and moderate income persons. The Legislature enacted the program in AB 333 Chapter 1043, Statutes of 1979 and SB 229 Chapter 1042, Statutes of 1979. This year, the Department of Housing and Community Development (HCD) will begin to carry out the program by directly purchasing equity or rights of occupancy in new rental housing developments. Lesser shares of the program's \$100 million will be used to expand the Department's deferred payment rehabilitation loan program (\$10 million) and to demonstrate new methods to help low and moderate income people become homeowners (\$7.5 million).

Too many people believe that new low-income housing must be drab and unattractive; future occupants expect it to be uncomfortable and unlivable. The Department of Housing and Community Development will sponsor a design competition to stimulate new thinking by builders and designers of affordable housing, showing that neither expectations need be true. The \$500,000 program will result in prototype designs for affordable single-family and multi-family homes in both urban and rural areas.

The Department of Real Estate (DRE) is taking two steps to speed its processing of state mandated subdivision reports. These steps will enable builders to market new homes more quickly, saving them and homebuyers millions of dollars. First, additional people have been hired to prepare the reports. Second, the Department has begun a pilot program to reduce processing time to 30 to 90 days when a builder submits a typed, completed subdivision report, ready for DRE approval.

In addition to new programs, the Administration is continuing an array of ongoing housing and community development activities. For example, the Department of Housing and Community Development's Rural Predevelopment (\$1,200,000) and Urban Development (\$750,000) Loan Funds provide direct loans to local governments, nonprofit organizations and cooperative housing corporations for the preliminary costs of developing low-income housing. Other HCD programs include technical assistance such as the California Housing Advisory Service, the revolving loan fund for rehabilitation and new construction, and the provision of seasonal housing for migrant farmworkers.

HCD, the Office of Planning and Research, and the Department of Transportation continue to monitor the disposition of surplus lands such as state hospitals and land once expected to be used for freeways so that it may be used for housing.

The Administration also continues to require localities to prepare housing elements outlining how they will use their local powers in a cooperative effort with the private sector to produce affordable housing.

The Department of Veterans Affairs continues to provide loans for home purchase or rehabilitation to California Veterans. The Administration is sponsoring legislation to place a \$750 million bond issue before the voters in June of 1980 to replenish the loan funds.

The California Housing Finance Agency (CHFA) is expanding its efforts to provide low-income housing through rehabilitation and new construction. By the end of the 1979-80 fiscal year, CHFA will have funded over 16,000 low and moderate income homes with loans in the amount of \$800 million.

The Administration recognizes that California cannot solve all of its housing problems with money. Therefore, the Administration will spon-

sore legislation aimed at solving three of the problems contributing to the shortage of new housing and high prices: 1) local zoning decisions that constrict the supply of housing, 2) legal constraints on the provision of manufactured housing, and 3) the shortage of homes located near jobs.

In addition, the Administration will sponsor legislation prohibiting localities from creating unnecessary obstacles to housing development and requiring that they zone sufficient land at adequate densities to meet the housing needs of all economic segments of the community. The Administration will also sponsor legislation requiring that the allocation of State funds for sewage treatment plants be consistent with the State's housing policies.

The shortage of housing is most severe for low-and moderate-income households. The Administration will sponsor the expansion of financing opportunities for low and moderate-income rental housing via the California Housing Finance Agency's loan insurance pool. Expansion of homeownership opportuni-

ties will be sought through legislation allowing local governments to use their bonding authority in conjunction with CHFA's Homeownership and Home Improvement Program.

Mobile homes comprise over 10% of new housing units each year and provide some of the most affordable housing in California. The Administration will sponsor legislation banning zoning discrimination against mobile homes and allowing 14-foot wide mobile homes to travel on California roadways.

Because of many local restrictions, new housing is frequently located far from the industries where new residents work. When this happens, one community receives the benefits of new taxes from industry and commerce, while another must bear the cost of providing services for the new houses. The Administration will sponsor legislation giving counties the option of pooling a percentage of sales and property taxes from new industrial and commercial growth. Pooled taxes could be distributed to cities or county areas accepting new housing.

MASS TRANSPORTATION

The enactment of Chapter 161, Statutes of 1979 (SB 620), which provides increased funding for public transportation, demonstrated the Legislature's and the Administration's commitment to improving California's public transit system. The provisions of this statute, plus increases in other funding sources, has resulted in over a four-fold increase in State funds (from \$46 to \$192 million) available for public transportation. Efficient and effective public transit services are becoming increasingly important in our changing transportation environment because they not only can provide mobility to the transit dependent, but can ease the impact gas shortages have on local and intercity mobility, reduce energy consumption over the long term, mitigate air pollution and aid in relieving congestion on our streets and highways, by providing an attractive and reasonable alternative to the automobile.

Significant program increases include:

Intercity and Commute Rail

The State will provide \$37 million to expand its program of improving passenger rail service throughout California. Included in these are:

- Expansion of San Diego to Los Angeles service from six to eight trains daily in each direction plus extension of service to Santa Barbara.
- Initiation of overnight service between Los Angeles and Sacramento via the San Francisco Bay Area and initiation of two trains in each direction between Sacramento and San Jose.
- Continuation of the San Joaquin service which provides two trains in each direction between Bakersfield and the San Francisco Bay Area; and final preparation for extension of the service to Los Angeles.
- Implementation of commute rail service between Los Angeles and Oxnard.

- Implementation of commute rail service between Los Angeles and San Bernardino/Riverside.
- Implementation of commute rail service between Los Angeles and Orange County.
- Continuation and improvement of commute service between San Francisco and San Jose.

Urban Rail

The State will provide \$35 million for urban rail projects in addition to other State funds available for this purpose. Potential users of these funds include rail transit projects in Los Angeles, San Diego, Sacramento, San Francisco, Oakland, South Lake Tahoe and Santa Clara County.

Transfer Terminals

- The State will develop terminals to make it easier to transfer among local and intercity bus and rail services, automobiles, taxis, bikes, air services and other modes of transportation.
- The State will provide \$1 million to encourage continuation and development of needed intercity bus services primarily to rural communities.

Local Transit Assistance

- The State will provide \$45 million for operating and capital support for local transit operators throughout California, in addition to funds already being made available to them under existing programs.

Park and Ride Lots

- An additional \$3 million is provided to construct 75 Park and Ride lots throughout the State.

ECONOMIC AND EMPLOYMENT DEVELOPMENT

Office of Small Business Development

The Office of Small Business Development has been augmented by \$2.5 million to increase the loan guarantee program which will expand the capacity of the Office to develop loans.

Office of Local Economic Development

The Office of Local Economic Development has been augmented by more than \$1 million. This, along with expected Federal dollars, will provide loans and grants to develop industries which are small and/or are labor intensive. These firms have the most difficulty in achieving capitalization through banks and other traditional funding sources. The funds will be targeted into designated areas which will benefit minority employment and entrepreneur needs.

Both program augmentations will:

- add new permanent jobs
- leverage other public funds into the economy
- build upon local lending capacity
- create hundreds of construction and other temporary jobs
- provide much needed capital to small labor intensive businesses
- leverage private lending institution dollars into needy areas.

Department of Housing and Community Development and Department of Transportation

It is also proposed to expand the State's current program of disposing of surplus property. Those properties which contain single family housing will be rehabilitated and sold at affordable prices based on their occupant's income. Other vacant single family homes, multi-family units and vacant parcels will be sold to the pub-

lic or to non-profit sponsors for the development of low or moderate income cooperative or rental housing. This program will be carried out with the cooperation of both the Department of Housing and Community Development and the Department of Transportation.

In addition to disposing of current surplus property, Cal Trans now owns or will acquire approximately 4,200 housing units in the Los Angeles area. The Department along with the Department of Housing and Community Development will relocate and rehabilitate or replace those units. The housing will be affordable to low and moderate income displacees. Under both proposals, resale controls would be imposed on all below-market value sales to prevent windfall profits and to ensure continued affordability to future lower income residents.

In addition to the program augmentations noted above, two significant bills passed during the 1979 legislative session which will promote economic and employment development.

California Worksite Education and Training Program

The California Worksite Education and Training Act of 1979 (SB 132) is administered by the Department of Employment Development and was enacted for the purpose of integrating classroom instruction, entry and career, with worksite training in order to enhance career opportunities and career advancement for the economically disadvantaged, youth, displaced worker, structurally unemployed and persons with obsolete or inadequate job skills. California Worksite Education and Training programs will address the needs of employers for trained workers, provide marketable skills and jobs for the structurally unemployed and offer

courses for workers to upgrade their skills to obtain better paying and more responsible jobs. To develop such integrated training, California Worksite Education and Training funded programs will bring together local educational and training agencies, employers, CETA prime sponsors and employee organizations to coordinate their efforts for the above stated purpose.

The Governor's Budget established 25 positions in 1979-80 in the Employment Development Department to implement this program. These positions will continue over the next three years. The plan of expenditure is \$10 million current year, \$8 million budget year and \$7 million in Fiscal Year 1982-83.

The Employment Development Department will administer California worksite Education and Training funded programs in concert with the Department of Industrial Relations, Department of Education and the Chancellor's Office of the Community Colleges. Additionally, the Employment Development Department will be contracting with the Department of Developmental Services for the development of apprenticeship programs in either state hospitals or community settings. This is in addition to the program continued in the Department of Developmental Services for psychiatric treatment apprenticeships.

Personal Income and Bank and Corporation Tax Credit

Chapter 1182, Statutes of 1979 (SB 93) authorizes a special tax credit to employers of persons eligible for certain welfare programs. Under this bill, any taxpayer (either Corporate or non-corporate) who employs a person who is a welfare recipient prior to being hired would be allowed a credit against their income or bank and corporation tax of 10 percent of the wages paid but not exceeding \$3,000 per year. This credit would be in addition to any other deduction to which the taxpayer may be entitled and could be claimed by the same individual for two years. This bill piggybacks and strengthens Federal legislation previously passed in this area.

Other authorized programs which will continue to provide assistance to the economically disadvantaged include:

Work Incentive Program

The Work Incentive (WIN) component of the Department of Employment Development assists recipients of Aid to Families with Dependent Children (AFDC) to obtain employment.

Employable applicants/recipients of AFDC benefits must register with EDD for employment, employment related services and training. Intensified employment and supportive services are given to employable registrants in order to assist them in obtaining regular, unsubsidized employment. Coordination of employment and supportive services is facilitated by collocation of county social services staff in EDD offices.

In an effort to obtain employment for registrants and WIN participants, EDD staff contact employers to develop jobs and orient WIN participants to the local job market through job-finding workshops.

Career Opportunities Development Program

The Career Opportunities Development (COD) Program administered by the State Personnel Board operates on the basis that primary responsibility for and capacity to achieve program objectives rests with the State or local agencies that make the organizational, staffing, and hiring decisions. To facilitate participation of departments, the COD Program provides: (1) consultative and technical assistance; and (2) direct grants for developmental projects and for intensive staff support as COD coordinators.

The jobs for welfare recipients, the disabled, and other disadvantaged persons program enables the full reimbursement of employer payroll cost during the training period. The program, authorized by the Welfare Reform Act of 1971 provides: (1) inducements to employing agencies and jurisdictions to hire program trainees who complete training, and (2) facilitates the amount of quality of training by hiring groups of trainees at one time.

Mental Health

The Administration is committed to establishing a comprehensive system of mental health services for those mentally disabled persons in need of such services through a support system of county mental health agencies, State hospitals and protective social services. Total State support for local mental health services have increased dramatically from \$248.7 million in 1978-79 to \$354.6 million proposed in 1980-81, an increase of \$105.9 million or 42.6 percent growth over this period.

As part of this growth, in April 1979, the Administration presented a multi-year Mental Health Initiative for a systemwide effort to improve local and State hospital services, calling for approximately \$35 million in new program funding. The most significant parts of the proposal for 1979-80 were; \$21.2 million for new 24-hour nonhospital treatment programs; a \$9 million augmentation for expansion of the Community Residential Treatment System; \$500,000 for implementation of a pilot case management system in two counties; \$250,000 to initiate five model residential treatment programs for children and youth; \$3.1 million to implement a pilot project of new clinical staffing standards in the State hospital programs for the mentally disabled at Napa State Hospital and revised staffing standards pursuant to the Department's recommendations in response to ACR 103; and \$1 million to initiate a computerized treatment/management information system at Metropolitan State Hospital. Approximately \$28 million was approved by the Legislature for Fiscal Year 1979-80.

The Administration supported legislation to encourage the use and development of local mental health services in lieu of State hospitalization. Consistent with that intent, Chapter 282, 1979 (AB 8) was signed by the Governor to waive the 10 percent county financial participation in the local mental health programs but retaining the county share for State hospital use.

In Fiscal Year 1980-81, the second year of the Mental Health Initiative, an additional \$25 mil-

lion in new local program funding is proposed for further development of nonhospital alternatives; \$250,000 to augment existing prevention services to approximately \$1 million; and \$1.4 million and 92 positions is again proposed to implement the pilot clinical staffing standards in the programs for the mentally disabled at Napa State Hospital. In addition, to keep up with the costs of inflation, \$26.2 million in new funds has been included to provide for a 9 percent cost-of-living adjustment for local mental health agencies.

The \$25 million new general funding for the budget year supports two significant policies.

1. Ten million dollars (\$10 million) is to be allocated towards enhancement of traditional nonhospital alternatives to the use of local and State hospital services. The allocation formula previously developed in consultation with the many constituency groups, Conference of Local Mental Health Directors, Citizens Advisory Council, and legislative members and staffs, was used for a one-time distribution of the 1979 appropriation and may serve to allocate the 1980 appropriation. Pursuant to existing provisions of law, the counties will develop County Short-Doyle Plans including proposals for the use of new program funds.

2. Fifteen million (\$15 million) is proposed to enhance the existing policy of deinstitutionalization and for establishment and operation of new local alternatives to direct State hospital use. For several years, the local mental health agencies have been critical of the lack of front-end funding for establishment of alternative programs to the State hospitals. This proposal provides a significant incentive to enable new programs to be started independent of transfer funding from the State hospitals. It is expected that this proposal will enable the counties to reduce the use of 600 beds in the State hospitals by year-end 1980-81. Over a three-year period (1979-80 to 1981-82), it is the goal of the Department to reduce 1,500 beds in the State hospital program for the mentally disabled.

Additionally, as the population in the State hospitals is reduced as anticipated, up to \$5.4 million would be available for transfer to mental health agencies for further augmentation of local programs.

To provide enhanced leadership, clinical expertise and support, the proposed 1980-81 budget for the Department of Mental Health includes substantial new resources. Approxi-

mately \$1.5 million (\$630,000 redirected) and 39 new positions are proposed for increased clinical expertise in the six mental health service teams, additional program positions for Short-Doyle Medi-Cal compliance and utilization reviews, an automated client information system for Metropolitan State Hospital, and evaluation staffing for the Napa State Hospital demonstration project.

California Arts Council

The California Arts Council was established in 1976 to encourage the growth of artistic expression and participation at State and local levels. The 1980-81 proposed budget reflects an increase of \$4.2 million over the adjusted 1979-80 budget.

In an endeavor to broaden the delivery of arts programs in California, the Governor and the Arts Council are proposing to establish four new programs and to augment three existing activities. Implementation of a new State/Local Partnership program will fulfill a critical objective in State arts policy: decentralization of arts programming. Under this program, a \$12,000 planning grant will be given to each participating county to inventory local arts programs and develop a comprehensive plan which coordinates local arts efforts with State arts policy. Based on these plans, the Arts Council will provide additional grants totaling \$1,321,000 which will be matched by the counties on a one-to-one basis for implementing local arts programs. To facilitate this decentralization, the Arts Council plans to establish a field office in Los Angeles which will allow a higher degree of coordination between Council staff and arts communities of Southern California.

The Arts Council is also proposing a pilot cooperative grants program with the California

arts foundation community to provide direct grants to individual artists for creative projects worthy of support. Grants funding for the pilot project will be provided by the State (\$50,000), arts foundations (\$100,000), and the National Endowment for the Arts.

The Interagency Arts Program (\$272,319) will provide an important link between the Arts Council and other State agencies. This program will result in more efficient utilization of potential arts funding in other agencies by developing annual plans for interagency arts projects and providing a grants base of \$120,000.

The Council proposes to reestablish the Maestro-Apprentice Program in 1980-81. This program was initiated as a one-year pilot project in 1978 and was evaluated by the Council during the past year. The Council has determined that the maestro-apprentice interaction contributes significantly to the continuation of endangered ethnic and cultural art forms. The program is therefore offered as a permanent addition to California arts programming with an increase in the budget of \$120,000.

Existing programs which will be augmented in the Governor's 1980-81 budget are grants for local arts organizations (\$1,075,000), research to develop alternatives in education (\$150,000), and grants administration and informational services (\$189,166).

Proposition 4

California voters approved a constitutional amendment on November 6, 1979 which placed a limit on the year-to-year growth in tax supported appropriations of the State and most individual local governments.

Basic Provisions

The amendment provides firm direction to the various governments in California that the growth in tax supported programs from 1978-79 forward cannot exceed the growth in the United States Consumer Price Index (CPI) and population. However, if the growth in CPI exceeds the growth in California per capita personal income, the change in income is used.

The limit for each year is calculated from the allowable appropriation level not the actual appropriations. Government therefore does not have to spend tax dollars up to the limit.

The amendment provides that in any year when revenues exceed appropriations, the excess revenues must be returned within the next two years. However, the amendment allows appropriations into reserves in one year for expenditure in future years as long as the appropriations are within the limit. The expenditure of those appropriations in future years does not count as an appropriation subject to limit in the year of expenditure. This allows State and local government to provide for future needs.

Programs financed from fees and user charges which cover the cost of services can be excluded from appropriations subject to limitation.

State legislative mandates on local governments which require a new program or a higher level of service for an existing program must be reimbursed by the State. The following mandates are exempt from reimbursement by the State:

1. Legislative mandates which are requested by the local agency affected.
2. Legislation which defines a new crime or changes an existing definition of a crime.
3. Legislative mandates enacted prior to January 1, 1975 or executive orders or regulations which initially implemented legislation enacted prior to January 1, 1975.

The amendment excluded the following appropriations to facilitate implementation.

1. Debt service—Debt service is defined as any appropriation required to fund existing or legally authorized debt as of January 1, 1979 and bonded debt approved thereafter by a vote of the people.
2. Appropriations required to comply with mandates of the courts or the Federal government.
3. Special districts in existence on January 1, 1978 which did not as of the 1977-78 fiscal year levy a property tax in excess of 12½ cents per \$100 of assessed value.
4. Special districts currently existing or created in the future by a vote of the people which are totally funded by fees and service charges.

The limit may be adjusted by a vote of the people. The adjusted limit is in effect for four years only. After that period, it must be reenacted or the adjustment is no longer in effect. In addition, the governing body of any government entity may declare an emergency and exceed the limit. If an emergency is declared, the appropriation limits within the next three years must be reduced to prevent an aggregate increase in appropriations resulting from the emergency.

The intent of Proposition 4 is clear, i.e., the growth of government must be limited to the change in price and population. While the intent is clear, the amendment does leave certain areas open to interpretation and definition.

The following represents the Administration's recommendations concerning implementation of the amendment. The following general principles have been followed in establishing the recommendations for implementation:

- Implementation and administration should be understandable.
- Subventions for State programs should not affect local discretion.
- Legislation should be enacted only where required.
- The impact on funding relationships of programs jointly financed by State and local government should be minimized.

The Base

The amendment provides that the State appropriations base shall exclude "subventions for the use and operation of local government."

It is proposed that the State base include payments made to local governments for specific programs. This assumes that if the State funds a program, it has control over that program.

This will place relatively equal restraint on State and local spending under the limit. State funded programs which are administered locally would be subject to limitation at the State level because the Legislature determines the size and scope of those programs. They decide if these programs will be expanded, reduced or eliminated. Under this proposal, the State would retain funding for all programs in its base except the following:

- Shared Revenues
 - Liquor License Fees
 - Highway Properties Rental Receipt
 - Off-Highway License Fees
 - Vehicle License Fees
 - Cigarette Tax
 - Highway Carriers' Uniform Business Tax
 - Motor Vehicle Fuel Tax
 - Financial Aid to Local Agencies
 - Tideland Revenues
- Tax Relief Subventions
 - Personal Property Tax Relief
 - Homeowners' Property Tax Relief
 - Open Space
 - Payments for Local Government for Sales and Property Tax Revenue Loss
 - Substandard Housing
 - Senior Citizens' Property Tax Deferral Program

These subventions provide funding to local government for general purposes. The one exception, motor vehicle fuel tax, is constrained by the Constitution not the Legislature. The funds must be used for maintenance and operation of public streets and roads.

K-12

It is proposed that State subventions for K-12 school districts be divided with a portion subject to appropriation limit at the State level and a portion subject to limit at each school district.

The State has augmented the basic K-12 edu-

cational program through a series of rather prescriptive "equalization" formulas designed to quickly bring the State into substantial compliance with the *Serrano* court mandate. In view of the degree of control which rests with the State over these and other categorical program expenditures, it is proposed that responsibility for expenditures above the basic program level be placed with the State, and will therefore be a part of the total appropriations limited at the State level.

Local school districts are responsible for making available to all children a basic level of education. This basic program level is proposed to be subject to limit at each school district.

Community Colleges

It is proposed that State subventions for community colleges be treated similarly to subventions for K-12 districts. The portion of State support dedicated to expenditure equalization will be placed, along with State-supported categorical programs, in the State base. The remainder of community college subventions will augment local revenues and be subject to limitation at each community college district.

Fee and User Charges

The amendment allows programs supported by fees and service charges to be excluded from the limit.

It is proposed that the State include appropriations from fees and user charges in the State appropriations base and consider them as proceeds of taxes. They comprise less than 3 percent of State appropriations in the base year. Including them in the base would eliminate the need for costly administrative and accounting procedures.

Population

The amendment provides that the limit shall be adjusted for changes in the cost of living and population. It also specifies that population shall be revised to reflect the decennial census conducted by the U.S. Department of Commerce. It is proposed that population lagged to the preceding year be used for the State. Thus the population base figure would be July 1, 1977 and the population used to calculate the 1980-81 limit would be July 1, 1979. This would avoid the

problem of projecting population. For population changes in any particular year, the most current estimates for both years would be used.

Cost-of-Living

Consumer Price Index

The amendment provides that the cost-of-living factor shall be the Consumer Price Index for the United States (U.S. CPI) as reported by the U.S. Department of Labor, unless the percentage change is greater than the percent change in California per capita personal income. It is proposed that U.S. All Urban Consumer Index be used to compute the limit. This index reflects a larger population than any other U.S. CPI. The preceding calendar year should be used for calculating the limit. This is consistent with the method used to calculate population growth.

Per Capita Personal Income

The percent change in California per capita personal income must be used if it is less than the change in U.S. CPI. It is proposed that the California per capita personal income as calculated by the U.S. Department of Commerce be used. The preceding calendar year number should be used to derive the change, the same as for CPI.

State Mandated Programs

It is proposed that reimbursements for State mandates be included in the State base. The amendment does not appear to require reimbursement for mandates enacted prior to its effective date (July 1, 1980). However, mandates enacted between January 1, 1975 and July 1, 1980 are subject to reimbursement under current statute (SB 90) and if the Legislature provides reimbursement for their cost they should be in the State base.

Excluded Revenues

The limit applies only to appropriations that are from taxes. The following receipts are proposed to be considered as nontax proceeds.

- Federal funds including Federal Revenue Sharing

- Oil and Gas revenue
- Sale of State property
- Unclaimed Property proceeds

If any 1978-79 appropriations were made from these specific sources, the 1978-79 appropriation level was reduced accordingly.

Local Government

Population

For the 1980-81 year, it is recommended that population change pursuant to Section 2227 and 2228 of the Revenue and Taxation Code be used. This would be the change from January 1, 1978 to January 1, 1980 and would be available on May 1 of 1980.

July 1 population estimates for cities and counties are not currently estimated. It is recommended that July 1 populations be estimated beginning July 1, 1980 and for 1981-82 and thereafter be used for calculating the limit.

Fees and Charges

The treatment of fees and charges by individual local governments presents a difficult problem. The diversity in both size and programs of the various local governments make it difficult, if not impossible, to establish a procedure which would treat all local governments fairly.

In light of this problem, it is proposed that each local government entity determine how to treat fees and user charges. Under the amendment, in order to maintain proper citizen contact with the local government process, it is also proposed that specific notice and hearing be required before implementation of any plan concerning the treatment of fees and charges.

Administration

The following chart and supporting table illustrate the 1978-79 base year adjusted by 24.2 percent for price and population; and the proposed budget appropriations for 1980-81. The 1980-81 appropriation proposal of \$15,970.6 is \$788.9 less than the appropriation limit of \$16,759.5.

**STATE APPROPRIATIONS
SUBJECT TO LIMITATION**
(General and Special Funds)
(billions)

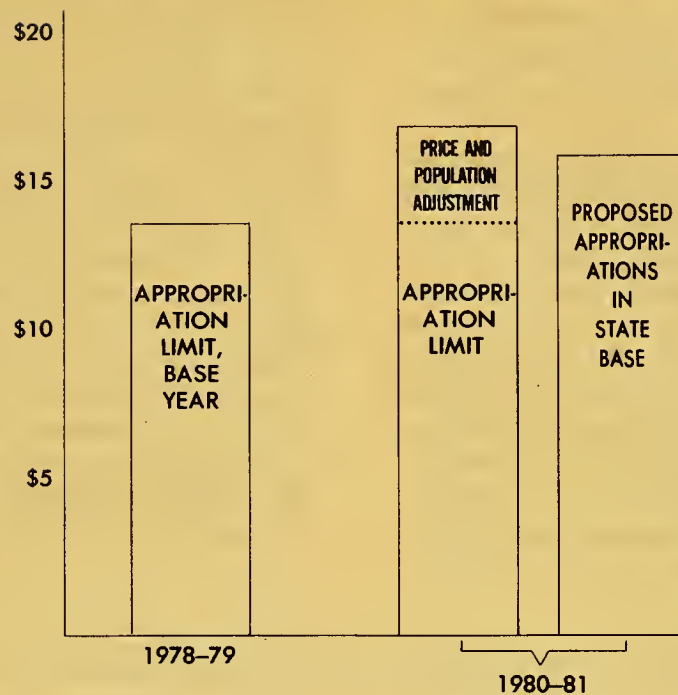


Table 1
STATE APPROPRIATIONS SUBJECT TO LIMITATION
COMPARISON OF PROPOSED 1980-81 BUDGET TO 1978-79 BASE YEAR
(Millions of \$)

	1978-79 ¹	1980-81 ²
TOTAL STATE OPERATIONS	\$4,181.8	\$5,510.4
Exclusions from Limitation:		
Debt Service	185.8	220.2
TOTAL STATE OPERATIONS SUBJECT TO LIMITATION	\$3,996	\$5,290.2
TOTAL LOCAL ASSISTANCE	\$14,430.3	\$18,010
Exclusions of Appropriations in Local Government Base:		
School Apportionments ³	4,127.2	5,479.2
Aid to Local Government	1,600.8	2,070.2
Other exclusions:		
Federal Revenue Sharing.....	276.2	276.2
Total Exclusions	\$6,004.2	\$7,825.6
TOTAL LOCAL ASSISTANCE SUBJECT TO LIMITATION	\$8,426.1	\$10,184.4
TOTAL CAPITAL OUTLAY	\$1,133.4	\$568.5
Exclusions:		
Capital Outlay Fund for Public Higher Education	61.5	72.5
TOTAL CAPITAL OUTLAY SUBJECT TO LIMITATION	\$1,071.9	\$496
TOTAL APPROPRIATIONS SUBJECT TO LIMITATION IN STATE BASE	\$13,494	\$15,970.6

¹ Includes 1978-79 Budget Act appropriations, financial legislation enacted in 1978-79, and continuing appropriations.

² Appropriations from General Fund and Special Funds per Schedule 3 (see pages B-4 to B-15).

³ When combined with estimated local resources of \$2,508 million in 1978-79, and \$2,233 million in 1980-81, appropriations subject to limit at the school district level will grow from approximately \$6,635.2 million in 1978-79 to \$7,712.2 million in 1980-81, or 16.2 percent over the two year period.

Local Government Fiscal Relief

In June 1978, California voters approved Proposition 13, which reduced property taxes more than fifty percent. This has forced a critical reevaluation of the activities that government has been performing.

Following the passage of Proposition 13, the Legislature enacted a one-year local fiscal relief and property tax distribution package which provided about \$4.4 billion to cities, counties, special districts and schools in 1978-79.

In 1979, a long-term local financing measure was adopted which provided funding for city, county and special district services from the property tax by shifting a portion of this tax base from schools. This new property tax will increase along with the growth in assessed value. The State increased its financial assistance to school districts to replace the shift in property

tax. The State cost of local fiscal relief is estimated to total \$4.9 billion in 1979-80 and \$5.4 billion in 1980-81.

The following table provides a summary of a portion of local revenues before and after Proposition 13. The local government information base is not current enough to provide a complete description of the full fiscal effect. It is hoped that in the future, more timely and more relevant local government fiscal information will be available. Assembly Concurrent Resolution 51 of the 1979 Session provides the first step in improving the process. This resolution calls for a review of the current reporting system for cities. Though limited to cities, the review will provide a base for adjusting the reports made by other local governments.

**SUMMARY OF LOCAL REVENUES BEFORE AND AFTER PROPOSITION 13
INCLUDING THE PROVISIONS OF AB 8**
(Dollar amounts in millions and expenditures per ADA in dollars)

	1977-78	1978-79	1979-80	1980-81
<i>Education</i>				
K-12 and County Offices:				
Property Tax ¹	\$4,375	\$2,107	\$1,699	\$1,910
Other Revenues	12	76	21	23
State Assumption of Program Costs	-	2,191	3,256	3,425
State Apportionments	2,323	2,618	2,538	2,709
Categorical Aid	707	756	1,081	1,192
Total	\$7,417	\$7,748	\$8,595	\$9,259
ADA	4,652,486	4,271,181	4,241,500	4,213,300
Expenditures per ADA	\$1,594	\$1,814	\$2,026	\$2,198
Community Colleges:				
Property Tax	\$743	\$325	\$266	\$300
Other Revenues	-	16	-	-
State Assumption of Program Costs	-	260	408	460
State Apportionments	473	539	568	602
Total	\$1,216	\$1,140	\$1,242	\$1,362
ADA	718,303	634,895	697,000	715,000
Expenditures per ADA	\$1,693	\$1,796	\$1,782	\$1,905
<i>Local Agencies</i>				
Counties:				
Property Tax ¹	\$3,154	\$1,349	\$1,858	\$2,123
Other Revenue ²	1,360	1,556	1,677	1,770
State Assumption of Program Costs	-	1,078	1,296	1,492
Block Grant	-	424	-	-
Total	\$4,514	\$4,407	\$4,831	\$5,385
Cities:				
Property Tax ¹	\$1,073	\$448	\$725	\$844
Block Grant	-	221	-	-
Total	\$1,073	\$669	\$725	\$844
Special Districts:				
Property Tax ¹	\$905	\$362	\$618	\$700
Block Grants	-	190	-	-
Total	\$905	\$552	\$618	\$700

¹ Property tax revenue includes reimbursement for the Homeowner's and Business Inventory Exemptions; and excludes voter approved debt service levies and collections for redevelopment agencies.

² Includes only unrestricted revenues.

THE DEFLATOR

Chapter 282 (AB 8) and Chapter 1161 (AB 1019), Statutes of 1979, provide that the amount of local fiscal relief would be reduced under certain circumstances. This reduction would be activated if the Commission on State Finance estimates on June 10, 1980 that General Fund revenues and transfers, plus beginning surplus for 1980-81, are below \$20.6 billion (a figure established in AB 8) by more than \$100 million. The \$20.6 billion does not include revenue derived from the increase in the bank and corporation tax rate provided by Chapter 1150, Statutes of 1979 (AB 66). The Legislature may by concurrent resolution prior to June 30, 1980, prevent the Deflator from being implemented.

If the Deflator is activated, fifty percent of the shortfall below \$20.6 billion would be reflected in an across-the-board percentage cut in school district revenue limits. The remaining fifty percent would be reduced through subventions to cities, counties and special districts for the Homeowners' Exemption, Business Inventory, Open Space, Cigarette Tax and Vehicle License Fees. These reductions would be made in proportion to the assistance provided in Chapter 282.

The following is a summary of the funds which are subject to reduction:

	1980-81 (millions)
<i>Subventions:</i>	
<i>Cities, Counties and Special Districts</i>	
Homeowners' Exemption	\$213
Business Inventory	290
Open Space	14
Motor Vehicle License Fees	670
Cigarette Taxes	83
Total	\$1,270
<i>K-12 Schools</i>	
Derivation Amounts	\$5,592
<i>Community Colleges</i>	
Derivation Amounts	1,055
Total, Including Schools	\$7,917

Using the standard economic forecast, it is estimated that General Fund revenues and surplus available for appropriation during 1980-81 will be \$21,029 million which is \$429 million more than the \$20.6 billion level which is re-

quired to prevent activating the Deflator. This excess revenue is less than 2.3 percent of State revenues. If these collections are adversely impacted because of a more severe economic slowdown or as a result of the passage of a tax reduction initiative, the Deflator will be activated. It would be prudent for all elements of local government and school districts to be aware of the uncertainty about the future and to take it into consideration in carrying out their management and planning responsibilities.

For each fiscal year after 1980-81, Chapter 1161, Statutes of 1979, requires that the \$20.6 billion figures be adjusted to reflect changes in the California Consumer Price Index (CPI), plus the estimated percentage change in California population as presented in the Governor's Budget. If the \$20.6 billion is adjusted to reflect CPI and population, the 1981-82 amount is estimated at \$23.4 billion which is 13.4 percent greater than 1980-81.

The Legislature may want to review the 1980-81 base level (\$20.6 billion) because a preliminary review of 1981-82 revenues and beginning surplus would be below the \$23.4 billion level and the Deflator would be activated for 1981-82. The base level contains a larger beginning surplus than the 1981-82 year because expenditures will exceed revenues in 1980-81. Thus even if revenues are sufficient in 1981-82 to fund the full provisions of AB 8, the Deflator would be activated unless a concurrent resolution prevented it.

AID TO COUNTIES

The long-term financing plan for counties provided in Chapter 282, Statutes of 1979 (AB 8) combines an increase in the counties' share of the property tax. This legislation also provides permanent funding by the State for certain health and welfare program costs.

General Revenue

A long-term funding source for counties was provided effective in 1979-80. The county "base" property tax allocation is increased by the amount of 1978-79 block grant, adjusted for changes in the State funding of certain health and welfare programs. This amount is shifted from the schools' share of the property tax. The bill also provided a one-time reduction of busi-

ness inventory reimbursements to counties in 1979-80 of \$17.4 million.

Health and Welfare

A permanent change in the funding provisions of health and welfare programs jointly financed by State and local government was made.

a. *Medi-Cal*

The total cost of this program was permanently assumed by the State, as it was in 1978-79. Prior to Proposition 13, the county cost was a function of assessed value.

b. *SSI/SSP*

The State permanently relieved counties of their share of the Supplemental Security Income/State Supplementary Program (SSI/SSP). This is the same provision as in 1978-79. Prior to Proposition 13, the county share was a function of assessed value.

c. *AFDC Grants*

The total non-Federal costs of the Aid to Families with Dependent Children (AFDC) program was assumed by the State in 1978-79. The new funding relationship provides that the State shall pay 89.2 percent of the non-Federal costs of AFDC grants and special needs. Prior to Proposition 13, the State paid 67.5 percent of the non-Federal costs.

d. *AFDC Administration*

In 1978-79, the State assumed 100 percent of the non-Federal county costs of administration of the AFDC program. Chapter 282 returns to the pre-Proposition 13 funding ratio of 50 percent-State and 50 percent-county of the non-Federal costs.

e. *AFDC Boarding Homes and Institutions (BHI)*

The funding relationship for BHI established in 1978-79 was continued. The State will assume 95 percent of the non-Federal costs through December 31, 1983.

f. *Food Stamp Administration*

In 1978-79, the State assumed the total cost for Food Stamp Administration. Effective in the current year, the State will pay 50 percent of the non-Federal administrative costs of this program. Prior to Proposition 13, the total county costs were

limited to \$21.5 million annually.

g. *Child Support Enforcement Program*

In 1978-79, the State discontinued the child support incentive payment because it assumed 100 percent of Child Support Administration. The administrative costs of the program were returned to counties, but the incentive payment was increased to 15 percent, up from the pre-Proposition 13 level of 12.75 percent until January 1, 1981 when it returns to 12.75 percent.

h. *County Health Services*

The State began partial funding of County Health Service costs in the current year. The State will pay each county \$3 per capita plus 50 percent of the remaining county costs for health services within specified limits.

i. *Other Provision*

The State assumed 84 percent of the county administrative costs of the Aid to the Potentially Self-Supporting Blind (APSB). The State also assumed the total cost of Aid for the Adoption of Children (AAC) and the Work Incentive Program (WIN).

AID TO CITIES

Chapter 282, Statutes of 1979 (AB 8) provided a long-term funding source for cities effective in the current year. The city "base" property tax allocation is increased by an amount equal to 82.91 percent of the 1978-79 block grant amount. This amount is shifted from the schools' share of the property tax. The bill also provided a one-time reduction of business inventory exemption reimbursement to cities in 1979-80 of \$21 million.

AID TO SPECIAL DISTRICTS

A long-term funding source for special districts was provided effective in the current year. Each county will establish a Special District Augmentation Fund. An amount equal to 95.24 percent of the combined "block grant" amounts of all special districts in each county will be transferred from the schools' property tax and placed in this fund. The County Board of Supervisors will allocate this fund to special districts in the county.

AID TO EDUCATION

K-12

Chapter 282 provides that the 1978-79 revenue for school be increased by an average of 8.6 percent for the 1979-80 fiscal year. The adjustment for declining enrollment was retained for the current and budget year. Districts were guaranteed a 2 percent increase in total resources over the prior year.

For 1980-81, inflation adjustments will range from \$85 to \$150 per ADA dependent upon the district's 1978-79 base revenue limits. In addition, the bill creates several new State programs to fund Capital Outlay for K-12 school districts.

Details on the funding of school districts are presented in the Department of Education budget.

Community Colleges

Chapter 282 provides for the recalculation of 1978-79 Community College revenue bases, which are then equalized and inflated an average of 8.9 percent for the 1979-80 fiscal year. Growth in Community College ADA over the 1978-79 level is funded at two-thirds the statewide average revenue per ADA, and loss in ADA over the 1978-79 level is deducted at two-thirds the statewide average revenue per ADA. Special allowances are provided urban and small rural colleges to compensate for excess costs. For 1979-80, each district is guaranteed at least a 4 percent, but no more than 8 percent, increase in total revenues. For 1980-81, the statewide inflation increase is 7 percent or the California Consumer Price Index increase for calendar year 1979, whichever is smaller.

Details on Community College funding are presented in the Board of Governors of the California Community Colleges Budget.

Cost-of-Living Increases

LOCAL ASSISTANCE PROGRAMS

With the increased State-aid to local governments, local assistance expenditures now comprise nearly 80 percent of the total General Fund budget. Any cost-of-living increases proposed for these local government programs, therefore, have a significant impact on the State budget. This budget proposes about \$1.4 billion for cost-of-living increases for local government.

As noted in the following chart, most cost-of-living increases are required by existing law. Nearly \$1.2 billion General Fund is required to provide a full statutory increase for Health and Welfare and Education local assistance programs as prescribed in current law.

While some State programs have cost-of-living increases mandated by statute, many local assistance program increases are discretionary. Traditionally these increases have reflected a relationship to salary increases granted to State employees. Some 30 different local assistance programs are proposed for discretionary cost-of-living increases at a combined General Fund cost of nearly one-quarter of a billion dollars. Programs proposed for discretionary cost-of-living increases are similar in nature to those programs which are statutorily mandated for annual increases. The statutorily indexed programs tend to force cost-of-living adjustments for the other local assistance programs.

In addition to being listed below, these increases are explained in more detail elsewhere in this budget.

PROPOSED GENERAL FUND EXPENDITURES COST-OF-LIVING INCREASES FOR LOCAL ASSISTANCE PROGRAMS (In Thousands)

Agency/Department/Program	Statutory		Discretionary
	Percent Increase	Dollar Increase	9 Percent Increase
Legislative, Judicial, Executive:			
Salaries of Superior Court Judges	5	\$1,642	-
Health and Welfare:			
Alcohol	-	-	\$2,778
Drug Abuse.....	-	-	2,040

Health Services:			
County Health Services	14.65	39,115	-
Medi-Cal-Hospital Inpatient	13.8	115,443	-
Medi-Cal-Drug Ingredients.....	7.8	4,334	-
Medi-Cal-"Spin-off"	14.65	33,000	-
Child Health and Disability Prev.....	-	-	317
Medi-Cal-Provider Rate ..	-	-	76,604
Medi-Cal-County Admin.	-	-	7,891
Public Health-Family Plan	-	-	2,326
Public Health	13.8	1,813	1,516
Public Health-Other	13.8	186	1,349
Developmental Services	-	-	22,167
Mental Health.....	-	-	26,154
Social Services:			
SSI/SSP	14.65	338,891	-
AFDC	14.65	172,146	-
IHSS-Statutory.....	14.65	3,083	-
APSB	14.65	240	-
IHSS-Minimum Wage.....	8.0	8,019	-
Adoptions	-	-	1,469
Facilities Evaluation.....	-	-	1,388
County Administration	-	-	8,267
IHSS-Nonstatutory	-	-	1,031
Other	-	-	28
Youth Authority-County:			
Justice System.....	-	-	5,232
Education:			
Department of Education:			
Apportionments	5.9	338,011	-
Child Nutrition.....	12.8	-2,820	-
Cont. Teachers Retirement	12.0	17,316	-
Instructional Material	11.3	4,334	-
School Improvement Program	-	-	12,981
Economic Impact Aid	-	-	12,879
Miller-Unruh Reading Prog.	-	-	1,260
Native American Indian Ed.	-	-	25
Demo. Pgms. in Reading	-	-	277
Math.....	-	-	58
Indian Ed. Centers	-	-	17
Sheltered Workshops	-	-	779
Dev. Cntrs. for Handicapped.....	-	-	23
Career Guidance Centers	-	-	61
Resource Centers (Staff Dev)	-	-	15,763
Child Care Program.....	-	-	22,800
Master Plan for Special Ed.	-	-	2,363
Preschool.....	-	-	433
Division of Libraries	-	-	-
Board of Governors, Calif. Community Colleges:			
Apportionments	8.8	86,800	-
EOPS	-	-	1,667
Totals	-	\$1,161,553	\$231,943

AUGMENTATION FOR EMPLOYEE COMPENSATION

The Employee Compensation budget is a vehicle for funding salary and benefit increases for all State employees.

Proposed Accomplishments

The transition to a collective bargaining system is underway but actual bargaining possibly may not occur in time to impact this budget. Therefore, lump sum appropriations amounting to \$427.2 million have been included for the 1980-81 fiscal year for all State employees as follows:

General Fund.....	\$280.7
Special funds	70.8
Nongovernmental cost funds	<u>75.7</u>
Total	\$427.2

Funds will be allocated from these items to support salary and benefit increases, as well as, any other changes in terms and conditions of employment.

Other compensation improvements that are provided for in departmental budgets total \$65.6 million. These include \$57.6 million for the approximately 40 percent of State employees who are eligible to receive merit salary adjustments.

Expenditures in 1980-81 for currently authorized staff benefits (not including merit salary adjustments) for civil service and related employees will be approximately 31 percent of salaries and wages before any new salary increases or benefits are enacted. Additionally, the equivalent of 13 percent will be provided in the form of vacation, sick leave and holidays.

Summary of State Fiscal Data and Personnel Years

The passage of Proposition 13 in June of 1979 made it even more essential to effectively utilize California's fiscal resources. The Governor's Budget for 1978-79 was reduced \$1.4 billion through the joint efforts of the legislative and executive branches to meet the mandate of Proposition 13.

During the 1978-79 operating year, a concerted effort was made by the Administration to further reduce costs by implementing a hiring freeze, making permanent position reductions, and identifying low priority activities. The 1979-80 Governor's Budget proposed position reductions in excess of 6,000 positions and \$400 million. A portion of these reductions were enacted into the final budget.

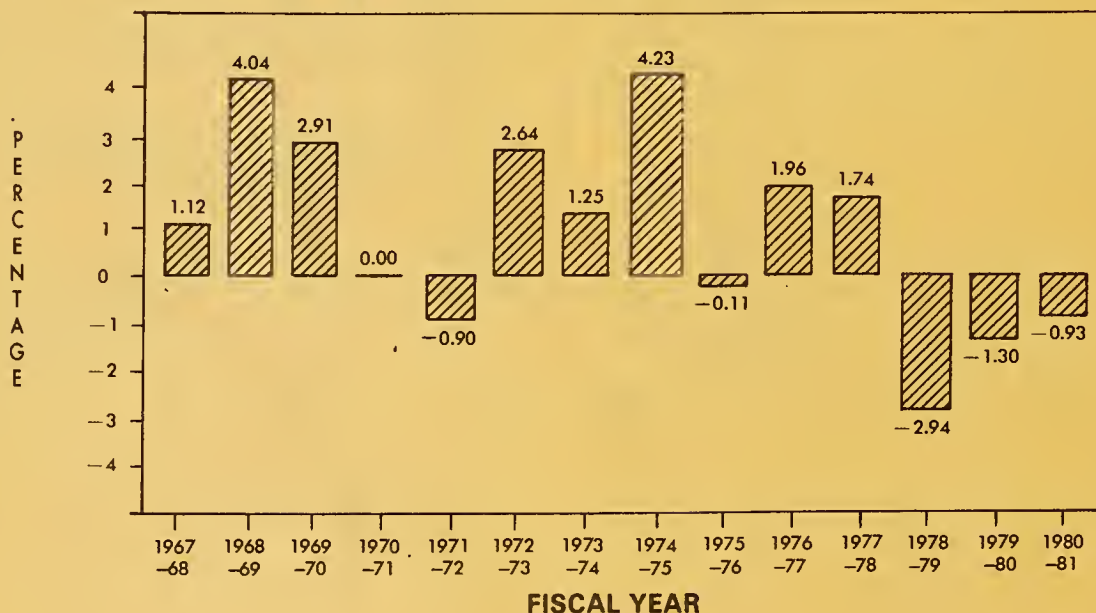
In November of 1979, the people passed Proposition 4 limiting state expenditures to the rate of change in the Consumer Price Index and state population. The Governor's Budget for 1980-81 proposes expenditures well within the Consumer Price Index and population limits set by Proposition 4.

The following charts illustrate the response of the state budget to Propositions 13 and 4. Particular note should be made of the chart "Comparison of Current Income to Current Expenditures." This chart shows how the surplus was accumulated during the period 1975-76 to 1977-78 through a combination of a prospering economy and efforts to keep government expenditures below the available resources. The chart also graphically illustrates how the surplus has been consumed since 1978-79, a direct result of increased State assistance to local governments to respond to the lower property taxes mandated by Proposition 13.

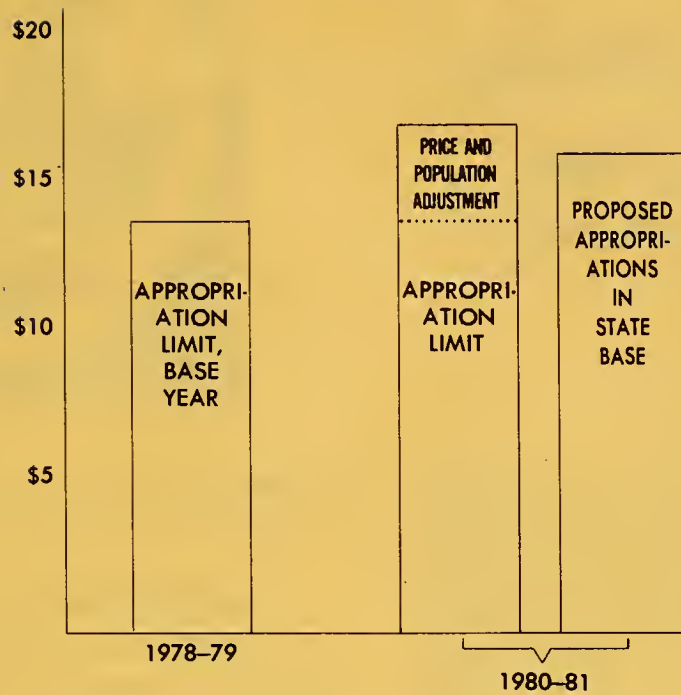
STATEWIDE INCREASE IN STATE EMPLOYEES

Period	Average Growth Per Year In Personnel Years	
	Number	Percent
1967-68—1970-71	5,794	3.49
1971-72—1974-75	5,492	2.91
Total 1967-68—1974-75	5,643	3.20
1975-76—1978-79	3,745	1.81
1979-80—1980-81	1,294	0.59
Total 1975-76—1980-81	2,928	1.40

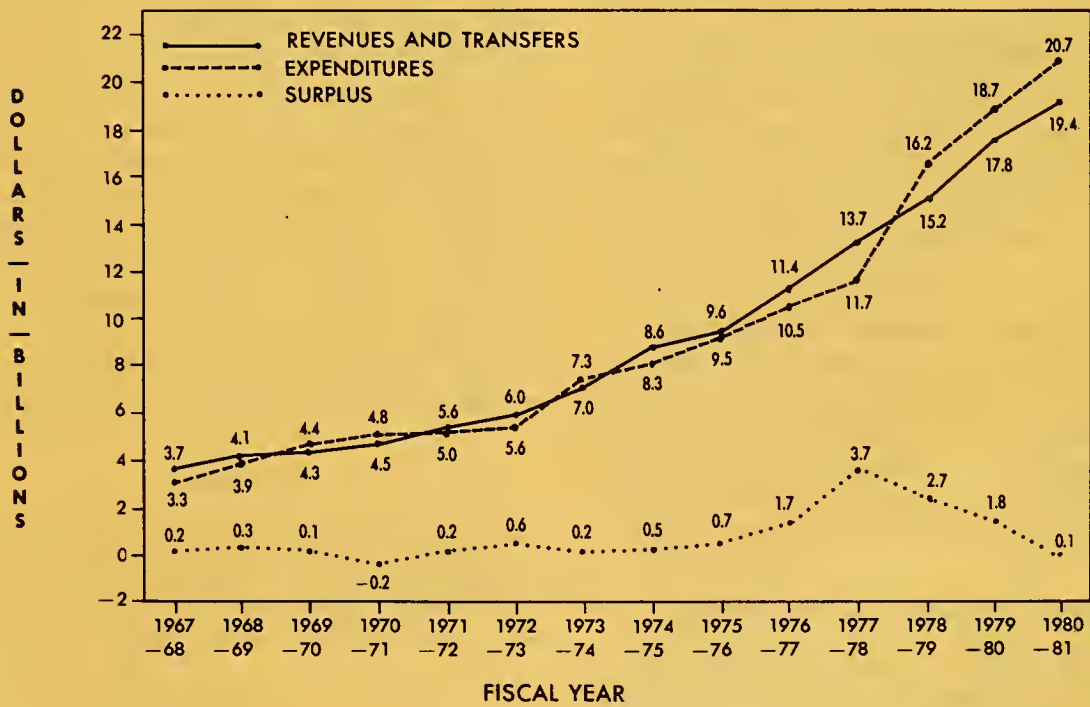
PERSONNEL YEARS PERCENTAGE CHANGES GREATER OR LESS THAN POPULATION

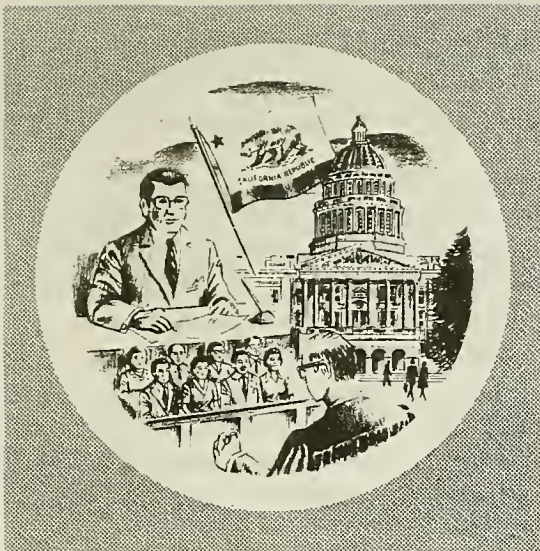


STATE APPROPRIATIONS SUBJECT TO LIMITATION (General and Special Funds) (billions)



COMPARISON OF CURRENT INCOME TO CURRENT EXPENDITURES GENERAL FUND





Legislative, Judicial, and Executive

(Changes and Accomplishments)

The programs within this area include the Legislature, the Court System and most Constitutional Officers.

PERSONNEL ADMINISTRATION

The Governor's Reorganization Plan No. 2 for civil service reform proposes to centralize personnel functions now being done by several State agencies. A major element in the Plan is the creation of an Office of Personnel Administration which would handle various functions now performed by the Office of Employee Relations, State Personnel Board, Public Employees' Retirement System, General Services, Board of Control and the Department of Finance. The State Personnel Board will retain responsibility for operation of the merit system but would relinquish such functions as salary setting and performance evaluation to the new Office of Personnel Administration. Because the Reorganization Plan is still undergoing legislative and administrative review, specific organizational changes have not been reflected in the Governor's Budget.

JUDICIAL

Article VI of the Constitution creates the Judicial Council to administer the State's judicial system and creates the Courts of Appeal to exercise the judicial power of the State at the appellate level.

Proposed Accomplishments

Legislation was enacted during the 1979 Legislative Session which authorized three addition-

al judgeships and supporting staff for the Courts of Appeal effective January 1, 1980. The 1980-81 budget proposes \$306,138 to fund these positions on a full-year basis.

Forty-three law clerks are proposed for the appellate courts to deal with the increasing workload of the courts. This alternative is less expensive than adding senior attorney staff members and will provide an opportunity to expose a number of attorneys to the workings of the court system.

SALARIES OF SUPERIOR COURT JUDGES

The purpose of this budget is to provide for the State's share of the salaries for 607 superior court judges and the State's share of health and death benefits for those superior court judges enrolled in a State Health Plan.

Proposed Accomplishments

Legislation was enacted during the 1979 Legislative Session which authorized the establishment of 46 new superior court judgeship positions effective January 1, 1980 for a total of 607 authorized superior court judges. Included in the 1980-81 budget is \$2,017,725 for the State's share of the salaries for these additional judgeships.

OFFICE OF EMERGENCY SERVICES

The principal objective of the Office of Emergency Services is the coordination of emergency activities to save lives and reduce property losses during disasters and to expedite recovery from their effects.

Proposed Accomplishments

Legislation was enacted during the 1979 Legislative Session (Chapter 956, Statutes of 1979) requiring the State Office of Emergency Services to investigate the consequences of potentially serious nuclear powerplant accidents for powerplants with a generating capacity of 50 megawatts or more and to update the State's Nuclear Powerplant Emergency Response Plan accordingly. The budget year proposes four new positions and \$500,000 in local assistance for this purpose. All costs of these activities will be funded by assessments on the affected powerplants.

BOARD OF EQUALIZATION

The Board of Equalization administers State and local business and property taxes and excise taxes. These include sales taxes, fuel taxes, liquor taxes, cigarette taxes, insurance tax, energy and telephone surcharges, timber yield tax, private car tax, public utility valuation, and guidance of local property taxation. In response to Chapter 1150, Statutes of 1979, the Litter Assessment Program with 66.7 positions and \$1,515,678 has been terminated.

Proposed Accomplishments

Chapter 282, Statutes of 1979 stipulated that the General Fund shall make up the shortfall in funding local government. This has resulted in the need for a monitoring program to determine the degree of statewide assessment conformity to protect the local tax base to keep State subvention monies at a minimum. The Board consequently redirected their Intercounty Equalization Program to a Local Property Tax Monitoring Program.

An additional 75 positions and \$1,345,999 are proposed in the Board of Equalization's 1980-81 budget. The majority of these positions are in the Sales and Use Tax Program and are in response to workload increases.

DEPARTMENT OF JUSTICE

The Department of Justice, through the constitutional Office of the Attorney General, is responsible for ensuring uniform interpretation and enforcement of laws and for representing the State in civil and criminal proceedings.

Proposed Accomplishments

The Department of Justice proposes to carry out the following new programs or increases in existing programs during the 1980-81 budget year:

1. A substantial increase (34 positions) in the Medi-Cal Fraud Unit will produce a stronger enforcement effort against Medi-Cal provider abuses and should result in significant dollar recoveries as well as lower program costs. Quarterly reports on the number of prosecutions, convictions, and dollars recovered are to be provided to the Governor and the Legislature to facilitate a thorough evaluation of the Unit's effectiveness.
2. The legal staff in the Tort and Condemnation Section is being enlarged in order to accelerate the land acquisition activities of the Department of Parks and Recreation and to strengthen the State's representation in defense of tort lawsuits.
3. A significant addition (18 positions) to the Criminal Law Division is proposed to assume the new function of prosecuting crimes committed in State prisons.
4. There will be an increase in staff to meet the increasing demands for more vigorous prosecution of cases presented by the Board of Medical Quality Assurance.
5. The major three-year conversion of computer equipment and programs will be completed on schedule by the end of the budget year.
6. A budget year reduction of \$1,000,000 has been made in the Division of Civil Law in this budget. The Department of Justice has not been responsive to the policies established by the Legislature and the Executive Branch in providing the necessary and timely legal services required in the enforcement of laws protecting the environment. A corresponding increase in the budget of the Department of Water Resources will enable those departments to secure by contract the necessary environment-related legal services.

CONTROLLER

The State Controller provides fiscal control over receipt and disbursement of State funds and

administers the Inheritance and Gift Tax program, the Unclaimed Property program and various programs relating to local fiscal affairs.

Proposed Accomplishments

Funds are provided in the 1980-81 State Controller budget to allow the timely processing of OASDI tax sick leave refunds, the implementation of the new (Phase I) payroll system, con-

tinued development of the reporting (Phase II) element of the payroll system, and to develop a computer capability for implementing collective bargaining agreements. Resources are also provided to conduct additional audits of Clean Water Construction Grants and Federal Disaster Assistance to counties and to accommodate increased workload in the Inheritance and Gift Tax program.



State and Consumer Services

(Changes and Accomplishments)

The State and Consumer Services Agency is the "conglomerate" agency of State government. The functions of the various departments within the Agency range from the providing of business services (General Services) and personnel management (Personnel Board), to the operation of a museum (Museum of Science and Industry). Other departments which operate under the Agency umbrella are as follows: Consumer Affairs, Veterans Affairs, Fire Marshal, Franchise Tax Board, Public Employees Retirement System, State Teachers Retirement System, the Public Broadcasting Commission, and the Department of Fair Employment and Housing.

Personnel Administration

The Governor's Reorganization Plan No. 2 proposes to consolidate various State personnel functions currently located in several State entities, including functions which are currently the responsibility of the Departments of General Services, Finance, State Personnel Board, Office of Employee Relations, and Public Employees Retirement System. Because the Reorganization Plan is still undergoing legislative and administrative review, specific organizational changes have not been reflected in the Governor's Budget.

Department of Fair Employment and Housing

The Governor's Reorganization Plan No. 1 abolishes the Division of Fair Employment Practices within the Department of Industrial

Relations and creates the Department of Fair Employment and Housing within the State and Consumer Services Agency, and the Fair Employment and Housing Commission within the Department. The Governor's Budget reflects the reorganization in both the current and budget years.

General Services

The Department of General Services is responsible for providing supportive services to other operating departments and for increasing effectiveness and economy in the administration of State government by establishing and improving statewide standards and guidelines and by implementing constructive changes in governmental policies and procedures.

Proposed Accomplishments:

The Department's budget includes 56.3 positions to provide necessary maintenance and custodial services to new State buildings which are scheduled for completion in Fiscal Years 1979-80 and 1980-81. In addition, 16 positions are proposed in Fiscal Year 1980-81 to implement the provisions of Chapter 282, Statutes of 1979 (AB 8). The bill provides:

- The Emergency School Classroom law of 1979 and made \$13 million available for the acquisition of portable classrooms for lease to school districts.
- Establishes the State Schools Deferred Maintenance Program and provides a funding mechanism for administrative and program costs.

The Budget also proposes 10 additional positions to implement an Energy Assessment Program for State buildings and continue the Energy Efficient Procurement Program. These programs will provide statewide leadership in the implementation of energy conservation programs and policies.

Public Employees' Retirement System

The Public Employees' Retirement System provides a retirement, death benefit, and health benefit program for public California employers and their employees.

Proposed Accomplishments:

The budget provides for a seven-position task force to reduce the time required for a member to receive benefits to which they are entitled. This will be a multiyear effort to process existing backlogs and establish a system which provides a date certain to PERS members and beneficiaries receiving benefits.

Additionally, \$200,000 has been provided to develop a more sophisticated actuarial system to meet in a prompt, accurate manner the actuarial demands arising through collective bargaining and legislation.

Consumer Affairs

The Department of Consumer Affairs overall objectives are to protect and represent consumer rights and interest and, at the same time, ensure standards of high quality among the professions represented by the various boards and bureaus.

Proposed Accomplishments:

The 1979-80 budget for the Contractor's State Licensing Board includes an addition of 6.5 temporary positions to eliminate the backlog

of licensure applications. Changes in 1980-81 include:

- An addition of 9.4 new positions and a conversion of 18 limited-term positions to permanent status to process an increase in licensure applications.
- An addition of 2 positions to study and audit special issues of current interests.
- An addition of 2 analyst positions to provide expanded administrative support.
- AB 1363, Chapter 1013, Statutes of 1979, strengthens the enforcement provisions of the Contractors' Licensing Law by providing for arbitration, citation, civil penalties, and probationary licensing procedures. The Board will examine the impact on workload and will update and evaluate the workload resources needed. Necessary adjustments to the 1980-81 fiscal year will be submitted to the Legislature in the spring of 1980.

Veterans Affairs

The Department of Veterans Affairs provides assistance to veterans and their dependents in obtaining rights and benefits to which they may be entitled, provides veterans with low interest home and farm loans, and maintains the Veterans Home. The Veterans Home provides four levels of service: domiciliary, intermediate, skilled nursing, and acute.

Proposed Accomplishments:

In order to maintain the appropriate levels of health care at the Veterans Home and meet the licensure, certification, and U.S. Veterans Administration requirements, 15 positions are proposed in the 1980-81 fiscal year for direct care of the residents.



Business and Transportation Agency

(Changes and Accomplishments)

Every California resident and visitor benefits directly from the State's interest in (1) promoting a sound financial and business community while protecting the public from economic loss and illegal or unethical business practices and (2) providing efficient, rapid, and safe movement of people and goods. These two broad areas are the principal concerns of the Business and Transportation Agency.

SECRETARY FOR BUSINESS AND TRANSPORTATION

The Office of the Secretary for Business and Transportation acts as a focal point for the interrelationship of the private sector, government regulatory agencies and the public interest on matters relating to economic development, housing, financial institutions and transportation.

Proposed Accomplishments

The Office of the Secretary will continue to direct the Alternative Motor Vehicle Fuel Development Program authorized by SB 620, Chapter 161, Statutes of 1979. The program will be coordinated with other state agencies and the private sector to assure that the alternatives explored are consistent with the transportation needs of the State as well as environmental concerns.

In addition, the Secretary will administer the new Social Service Transportation Improvement Program authorized by AB 120, Chapter 1120, Statutes of 1979.

DEPARTMENT OF ECONOMIC AND BUSINESS DEVELOPMENT

The Department of Economic and Business Development was created to ensure the long-term, orderly growth of business and economic development in this State. The Department provides economic planning and policy development, encourages new plant locations and expansions and serves as an advocate and ombudsman for business in government. The Department is comprised of six offices which have more specific mandates.

The Department assumes a key role in many specific projects aimed at expanding the economic base of underutilized areas and business sectors within the State. Through its direct loan activities and guarantee authority as well as its provision of a broad range of management and technical assistance, the Department of Economic and Business Development has had a significant impact on the California business climate.

Proposed Accomplishments

The budget proposes to expand the loan guarantee program which will allow for increased participation by the private financial community, and thus extend the program to a larger segment of the State's small and disadvantaged business community. Additional State funds will be provided for the State and federally funded 304 direct loan program and will be used to provide financial assistance for the Century

Freeway project. In the Spring of 1980, the Department will again present the California International Travel Mart. The first mart, held in May of 1979, generated approximately \$110 million in sales of California destinations and tourism services, a good deal of which was to areas in the State heretofore unable to access the international travel market.

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

The primary objectives of the Department of Housing and Community Development are (1) to promote and assist in the provision of affordable housing in suitable living environments for California residents, and (2) to seek solutions to California's housing and community development problems.

The Department's program of activities continues to expand as a result of legislative activity. In 1979, the Legislature appropriated \$100 million for two new housing programs and augmentation of a third. These new programs, i.e., rental housing construction and home-ownership assistance, would add another perspective to the ongoing implementation of housing element guidelines, operation of a farmworker housing grant program as well as rural and urban predevelopment programs, and provision of other development services and assistance, all of which are intended to stimulate the production of affordable housing.

Proposed Accomplishments

The budget reflects adjustments of \$550,000 to facilitate the transfer of mobilehome licensing and regulation functions from the Department of Motor Vehicles to the Department of Housing and Community Development. The transfer is being made in light of recent legislative recharacterization of mobilehomes as taxable real property rather than vehicles, and the increasing use of such homes as affordable housing.

The Department will sponsor an affordable housing design competition that will result in prototype designs for affordable single-family and multiple-dwelling housing in urban and rural areas throughout the State. \$500,000 is proposed for this purpose. Building on its experience with the Passive Solar Design Competition, the State will encourage the development of affordable models for the building industry. The competition would be structured and advertised

to elicit broad participation from architects and builders in order to foster innovative, energy-efficient, low-cost housing plans designed specifically for California climates.

In addition the Department will have the primary responsibility for the relocation or replacement of 4,200 housing units which construction of the Century Freeway in Los Angeles will require. The budget proposes \$1,778,000 for this purpose.

During the 1980 legislative session, the Department will sponsor various legislation designed to further stimulate the production of housing in the state.

CALIFORNIA HOUSING FINANCE AGENCY

The primary function of the California Housing Finance Agency is to sell tax-exempt bonds and use the proceeds to finance housing at below market interest rates. This is done by making construction and mortgage loans to qualified borrowers to finance housing development, or purchasing such loans from qualified mortgage lenders, and by purchasing loans in neighborhood preservation areas, or mortgages originated and serviced by qualified mortgage lenders.

The Agency's programs give specified priority consideration for (1) development of housing for very low, low and moderate income individuals and families including the elderly and the handicapped, (2) stimulating reinvestment of capital into mortgage deficient areas, and (3) encouraging rehabilitation of substandard housing. From its creation until the end of Fiscal Year 1979-80, the Agency will have made or purchased loans for over 16,000 housing units for low and moderate income families.

Effective January 1, 1980, the Agency will be authorized to have \$1.5 billion of bonds or notes outstanding at any one time. It is estimated that by June 30, 1980, the Agency will have issued approximately \$800 million of authorized revenue bonds or notes.

Because the Agency is a public service enterprise fund and operates like a bank, it does not receive annual operating appropriations from the General Fund. However, its Board of Directors adopts an annual budget.

Proposed Accomplishments

In addition to escalation of its activities in the home loan and insurance areas, the Agency will provide technical services to the Department of

Housing and Community Development and make available its resources to help implement the legislative mandate of AB 333, Chapter 1043, Statutes of 1979, which appropriated \$100 million for rental housing construction, home-ownership assistance, and housing rehabilitation programs.

DEPARTMENT OF REAL ESTATE

The Department of Real Estate's primary objective is the protection of the public in offering of subdivided property, real property securities, and in real estate transactions handled through agents. Thus, the Department takes disciplinary, civil and criminal action against its licensees and others who have violated real estate law and the Subdivided Lands Act.

In addition, the Department has ongoing programs to educate the real estate consumer and to encourage the professional orientation of those in the real estate business. The Department also administers the Real Estate Recovery Fund, through which a victim of fraud by a licensee could fully satisfy a court judgment.

Proposed Accomplishments

The Department's proposed budget contains an augmentation of \$284,000 for anticipated claims against the Recovery Fund.

To eliminate substantial backlogs in the processing of subdivision filings, and to handle the projected workload increase because of future subdivision filings, the Budget also reflects an adjustment of \$1,040,712.

DEPARTMENT OF TRANSPORTATION

The Department of Transportation's primary objective is a commitment to a balanced transportation system that considers all modes and is consistent with social, economic, and environmental objectives. The 1980-81 Budget is reflective of the objective and is consistent with the Department's proposed 1980 State Transportation Improvement Program.

Proposed Accomplishments

The Mass Transportation Program has been augmented by 68 personnel years and \$110,000,000 in 1979-80 and 47 personnel years and \$113,000,000 in 1980-81 to implement Chapter 161, Statutes of 1979 (SB 620). This measure constitutes a comprehensive response by the Legislature and the Governor to statewide mass

transportation needs which, in part, includes: (1) increased commuter and intercity rail services, (2) increased local and intercity bus service, and (3) construction of intermodal passenger transfer facilities.

Additionally, the Highway Transportation Program has been augmented by 130 personnel years and \$45,000,000 in 1979-80 for right-of-way activity, construction, and replenishment housing programs in the Interstate 105 (Century Freeway) corridor.

DEPARTMENT OF THE CALIFORNIA HIGHWAY PATROL

The Department of the California Highway Patrol is responsible for assuring the safe, lawful, rapid, and economical use of the state highway system. The primary objectives are to minimize death, injury, and property loss from traffic accidents; to minimize traffic delays; and to provide protection and assistance to the motoring public.

To meet these responsibilities, a support budget of more than \$272 million, along with capital outlay of \$6.2 million is proposed for the 1980-81 fiscal year.

Proposed Accomplishments

The budget for 1980-81 reflects adjustments to match program benefits with program costs. The significant proposed adjustments will be as follows:

1. Additional staffing for communications centers. This will result in increases of 23.5 personnel years and \$317,000.
2. Completion of the installation of the Management Information System. This will result in a savings of 15 personnel years.
3. Additional staffing to establish a pilot program of inspecting truck terminals for violations relative to transporting hazardous materials. This will result in increases of 9 personnel years and \$294,123.
4. Purchase of additional emergency medical care equipment. This will improve the Department's efficiency in administering prompt and effective emergency care to persons who become ill or injured while traveling on California's highways and will result in a one-time increase of \$214,000.

The Department, with the full support of the Business and Transportation Agency and the Governor's Office, will be seeking legislative approval of fixed wing aircraft and further review

of radar for improving the driving public's compliance with the National Maximum Speed Limit for purposes of energy conservation.

DEPARTMENT OF MOTOR VEHICLES

The Department of Motor Vehicles objectives are: 1) to protect public interest by identifying ownership through the process of vehicle registration, 2) to promote safety on highways by licensing and controlling drivers, 3) to provide public protection through vehicle-related occupational licensing, 4) to encourage motorists to maintain financial responsibility, and 5) to provide other services as required by statute.

To meet these objectives, a support budget of more than \$177 million, along with capital outlay of \$9.9 million, is proposed for the 1980-81 fiscal year.

Proposed Accomplishments

The budget for 1980-81 reflects adjustments to match program benefits with program costs. The significant proposed adjustments will be as follows:

1. Continued automation of fiscal activities at a cost of \$850,224. This will result in an immediate savings of 5.2 positions and an annual savings of \$500,000 starting with the 1981-82 fiscal year.
2. The termination of an inspection fee collecting role in the South Coast Air Basin Mandatory Emission Inspection Program for a net savings of 7.5 personnel years and \$322,599.

3. The addition of 4.2 personnel years for mail pre-sorting resulting in a savings of \$507,833.

STEPHEN P. TEALE CONSOLIDATED DATA CENTER

The Stephen P. Teale Consolidated Data Center was established in response to legislation which mandated the centralization of state computer facilities. By centralizing all electronic data processing and the use of a statewide time-sharing system, the Center provides efficiency and economy to users of computing services. To date, the Center serves 75 separate state entities.

The Center incorporates a large-scale computing facility with remotely located satellite mini-processors of varying size and capability. The main objective is to make available to each user the portion of computer required to effectively process that organization's data and applications. Thus, the consolidated center becomes available to the largest or smallest user at a price compatible with its requirements.

Proposed Accomplishments

Significant proposed adjustments to the Budget are:

1. Implementation of a mass storage system, and
2. Implementation of the State Controller's Office Computer System.



Resources

(Changes and Accomplishments)

The Resources Agency programs are directly concerned with protecting, preserving, enhancing, and developing the State's environmental wealth for the benefit of all Californians. Programs funded range from those designed to attain and maintain desirable standards of air and water purity, to forest fire fighting, forest management, flood control, water development, oil drilling regulation, and the creation of recreational opportunities.

The Resources Agency, under the direction of the Secretary for Resources, consists of the following Boards, Commissions and Departments: the Departments of Conservation, Fish and Game, Forestry, Boating and Waterways, Parks and Recreation, and Water Resources; the Air Resources Board, the State Coastal Conservancy, the California Conservation Corps, the Colorado River Board, the Energy Resources Conservation and Development Commission, the San Francisco Bay Conservation and Development Commission, the Solid Waste Management Board, the State Lands Commission, the State Water Resources Control Board and the nine regional Water Quality Control Boards.

ENERGY RESOURCES CONSERVATION AND DEVELOPMENT COMMISSION

The Energy Commission was established in 1975 to ensure continuation of a reliable supply of energy for California at a level consistent with the State's needs.

Current Accomplishments

In an effort to make the power plant siting

process more efficient and expeditious, the Commission adopted a joint policy agreement with the Air Resources Board to ensure that the two permitting processes work together in a timely fashion. New regulations accelerating the power plant siting process from 36 months to 18 months were adopted by the Commission.

Workshops were conducted for over 3,000 builders, design professionals and lenders on how to use and finance solar energy. Wind prospecting projects identified a potential for 40,000 megawatts of power from wind, and the Commission is formalizing agreements with the U.S. Fish and Wildlife Services, the State Department of Water Resources and Pacific Telephone Company to construct windmills of their own.

The Commission awarded \$650,000 to 32 local governments and community organizations to allow them to incorporate solar codes and energy elements in general plans, provide conservation education and assistance programs, and promote ridesharing programs and energy efficient transportation.

Proposed Accomplishments

There were several major new programs mandated by the Legislature that will be administered by the Commission in 1980-81. SB 771, Chapter 1123, Statutes of 1979, mandates the construction of at least 20 demonstration projects using biomass as fuel. This \$10.5 million program will fund commercial size demonstrations of biomass conversion technologies. AB 900, Chapter 1124, Statutes of 1979, established a \$20 million loan program (\$10 million in 1979

-80 and \$10 million in 1980-81) to improve energy conservation in California schools, hospitals, and other institutional buildings. This program will supplement the federal schools and hospitals program, and is expected to save 12 billion KWH of electricity and 32 billion cubic feet of natural gas by 1983. The total reduction in energy bills for participating institutions is expected to reach \$97.5 million annually.

The Commission will be administering a major contract to determine the feasibility of using clean coal as fuel in turbines and internal or external combustion engines. The intent of this project is to burn coal in California cleanly and efficiently as soon as possible, and transfer the technology developed to the industrial sector for wide utilization.

AIR RESOURCES BOARD

The Air Resources Board is responsible for protecting California's air environment from hazardous emissions from both mobile and stationary sources.

Current Accomplishments

A significant achievement of California's air pollution control effort is the motor vehicle emissions control program. More than one-half million cars have been inspected since the Southern California program began in March 1979. With nearly half the vehicles failing the initial inspection, compared to the one-third originally anticipated, the program has cut emissions of smog-forming hydrocarbons and oxides of nitrogen by 11 and 2 percent, respectively, and levels of carbon monoxide by 15 percent.

In November 1979, the Air Resources Board adopted and submitted to the Federal Environmental Protection Agency the State Implementation Plan amendments which provided for reasonable further progress toward attainment of federal air quality standards. The submission of the federally mandated plan culminated two years of intensive effort by the Board.

Proposed Accomplishments

In 1980-81 the Board is proposing to increase efforts in controlling toxic substances. This program is designed to: 1) establish acceptable levels of community exposure to carcinogens, teratogens, and other toxic substances; 2) propose air quality standards for these substances,

and 3) design emission regulations to ensure that community exposures do not exceed allowable limits. Eighteen and one-half positions and \$693,000 are proposed to implement this effort.

In order to mitigate the effects of inflation, the Board is proposing to increase the subvention to local air pollution control districts by \$606,420 to assist in the development of more effective stationary source control programs.

PARKS AND RECREATION

The major activities of the Department are to plan, develop, protect, interpret, and operate the State Park System.

Proposed Accomplishments

In 1980-81 the visitor days are expected to increase to 62.5 million, from an estimated 60 million in 1979-80, with the addition of 54,454 acres, 301 camp units, and 226 picnic units.

One of the new facilities to be open in 1980-81 is the State Railroad Museum in Sacramento. Due to open in October 1980, the Railroad Museum is expected to draw some 800,000 in attendance during 1980-81.

In order to operate the Railroad Museum as well as staff newly acquired State Park lands and the completion of new developments, an additional 106 positions and \$2.5 million will be needed. Twenty-six of these positions will come from the existing program through the implementation of operational efficiencies.

DEPARTMENT OF WATER RESOURCES

The role of the Department of Water Resources is to protect, conserve and manage California's water. Thus the Department has a major responsibility for supplying suitable water for personal, agricultural, industrial, recreation, and power generating uses as well as for fish and wildlife support.

Proposed Accomplishments

The 1980-81 budget contains \$2,150,000 for identifying new and innovative methods for conserving agricultural water and \$4,100,000 to design and construct a 1,000,000 gallon per-day pilot reverse osmosis desalting plant in the San Joaquin Valley. Also, for the 1980-81 fiscal year the Department's budget will include \$1,000,000 for the purpose of providing legal services in the

area of environmental law. These funds are available to other resources and environmental related departments to ensure that they will be able to secure necessary legal services relating to enforcement of laws protecting the environment.

WATER RESOURCES CONTROL BOARD

The broad objectives of the State Water Resources Control Board and the nine Regional Quality Control Boards are to preserve and enhance the quality of California water resources and to assure their conservation and effective utilization.

Proposed Accomplishments

The 1980-81 budget includes funding for increased attention to the problem of toxic water pollution in the State. The 1980-81 budget contains 22.5 positions and \$986,171 to significantly expand existing, and implement new, State and Regional Board activities relating to detection, monitoring, regulating, and otherwise responding to contamination of State waters by toxics. Also included in the 1980-81 budget are 9 positions and \$526,402 to implement actions necessary to ensure that Lake Tahoe will be preserved as a State resource. In addition, to maintain the Bay-Delta watershed as one of the State's most important resources, the 1980-81 budget contains \$602,568 and 9.5 positions to develop new and improved water management policies and practices.

CALIFORNIA CONSERVATION CORPS

The California Conservation Corps was established by Chapter 342, Statutes of 1976, to accomplish two important and interrelated goals: (1) to further the development and maintenance of the natural resources and environment of the State, and (2) to provide to the young men and women of the State meaningful and productive employment, training in employable skills, and educational opportunities. The Corps provides fire suppression services and disaster relief, protects and preserves the natural environment, and develops the public resources to provide opportunities for greater public use.

Proposed Accomplishments

The Corps, during 1980-81, proposes to expand the Training and Work Program to include greater participation for disabled individuals,

provide additional training opportunities, and establish an urban based nonresidential center.

The Corps proposes to implement a Disabled Corpsmember Program. Under this program, 60 disabled individuals will be recruited and selected as part of the traditional corpsmember enrollment, and will participate in the same activities as other corpsmembers.

The Training and Work Program includes the addition of a Solar and Energy Conservation Program. The Solar Program includes 9.6 personnel years and \$335,016 from the State Energy Resources Conservation and Development Account and \$151,200 in reimbursements to train 50 corpsmembers in the design, fabrication, installation, and maintenance of solar water heating systems for various State agencies.

240 new corpsmembers are proposed to establish a Fire Fighter Trainee Program in conjunction with the Department of Forestry. These trainees will be assigned to 40 selected fire stations and utilized in fuel control, fuel management, and fire engine support activities. The cost to the Corps for the 240 corpsmembers is \$2,442,720 General Fund for salaries and benefits. This will not require additional base centers as the corpsmembers will be located at Forestry fire stations. Along with this program, 36 corpsmembers will be utilized for a Forestry Helitack crew for fuel management and fire suppression activities.

The establishment of an additional urban based nonresidential center is proposed for 1980-81 and includes 9.5 staff and \$858,000 General Fund. The additional center will provide 60 young Californians employment in their community and the opportunity to perform various urban conservation projects.

Chapter 342, Statutes of 1976, provides that the Corps shall remain in effect only until January 1, 1981. Legislation reauthorizing the Corps will be supported by the Administration for continuation of the Corps beyond the sunset provision. It is, therefore, proposed that the 1980-81 budget reflect full-year funding in anticipation of the passage of legislative reauthorization of the California Conservation Corps.

DEPARTMENT OF FORESTRY

The Department of Forestry is responsible for the protection, conservation, and development of California's forest, watershed and range

lands. An extensive fire protection system is included to meet the unique level of hazard within the State. The Department proposes a budget of \$143.7 million for the 1980-81 fiscal year to meet these objectives.

Proposed Accomplishments

1980-81 will be the first full year of implementation of the California Forest Improvement Act of 1978 (Chapter 1181). This important new program will provide substantial efforts in reforestation, urban forestry and wood energy projects. Over \$9.6 million, made available by the sale of forest products from state-owned forest, will be used to accomplish first-year goals, including the reforestation of 40,000 acres of privately owned forest lands.

New initiatives are proposed to counter the substantial threat to the State's wildlands from people-caused wildfires. A \$630,000 program is included for volunteer fire prevention activities and to institute a new mass media fire prevention campaign. \$440,000 will be used to provide additional crew strength on 80 fire engines as well as a 10 place helitack unit to replace a 4 place unit. The firefighting crews will be provided by the California Conservation Corps.

Significant efforts will be directed towards the management and utilization of the renewable resources on the State's wildlands. Soil productivity, water quality and fish habitat are being adversely affected on the north coast of California by a large number of unique soil erosion problems. Erosion control measures will be instituted to correct damaged areas. Five vegeta-

tion management projects are proposed to provide demonstrated experimental results which increase resource productivity while reducing high fire hazard fuels. Two medium helicopters will be substituted for existing smaller ones in support of this effort. A transportable wood densification unit, which can convert hazardous fuel into a useable energy form, is being developed and tested. \$1.3 million is included for these various efforts.

Agencywide—Resources Management

In addition to the various new and expanded programs noted above, as the State moves into a period of need for more intensive management of natural resources, more data collection is critical to planning for future programs, as is restoration and conservation of various habitats and environments. As mentioned elsewhere in the budget highlights, in order to meet these critical environmental needs, \$15 million is to be allocated to various Resources Agency departments from the Energy and Resources Fund (ERF). Legislation will be introduced to establish the Energy and Resources Fund to provide for these projects from the anticipated increase in Tidelands oil revenue. This allocation is to support programs or projects which are directed to conserve, restore, and/or enhance California's natural resources. Proposals for 1980-81 include such projects as geologic mapping and soils data collection for Department of Conservation, reforestation of State School Lands for the State Lands Commission, and Wetlands restoration for the Department of Fish and Game.

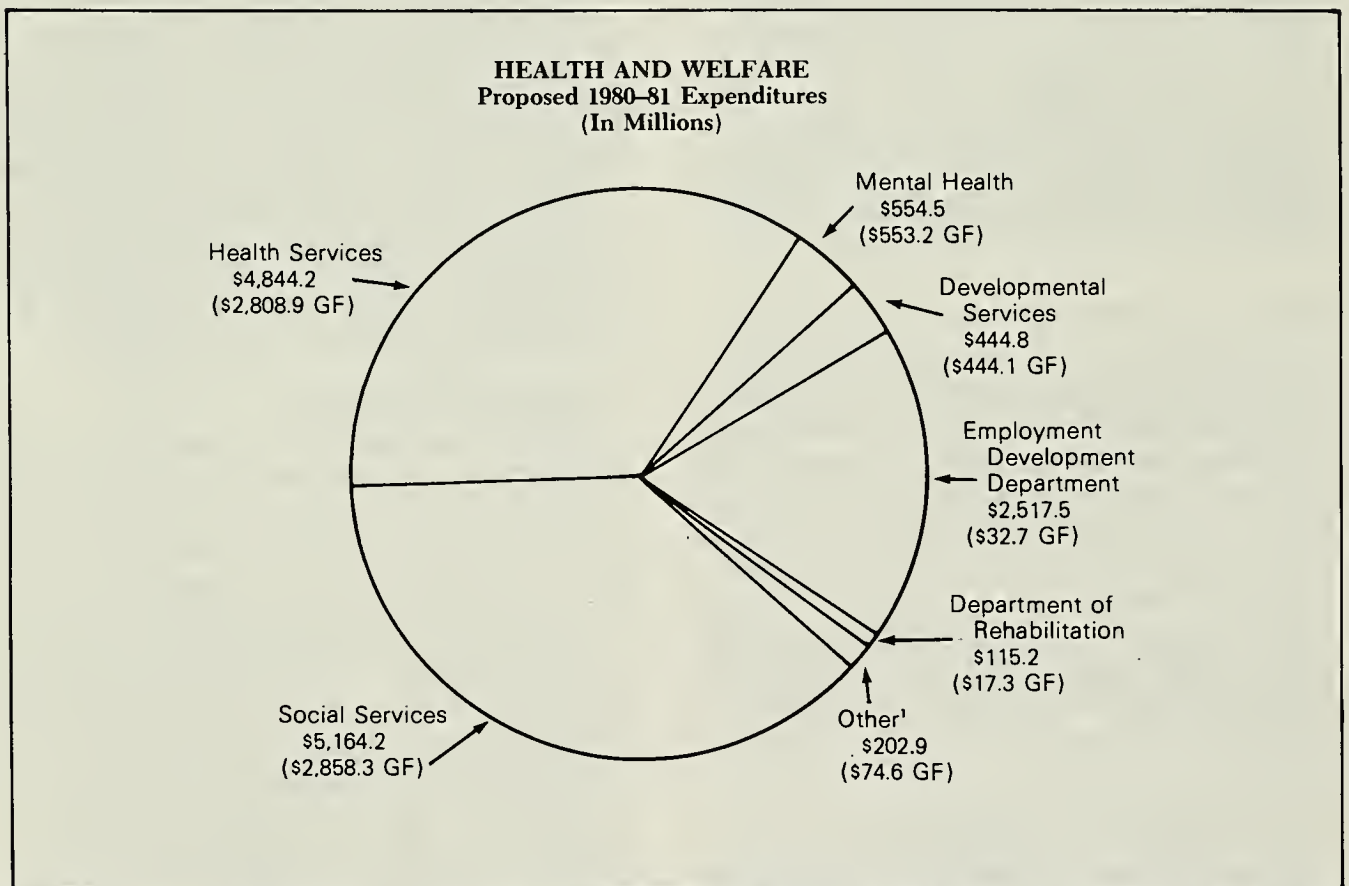


Health and Welfare

(Changes and Accomplishments)

The programs administered by the Health and Welfare Agency are directly concerned with the physical, mental, and social well-being of all Californians. For Fiscal Year 1980-81, the Health and Welfare programs estimate an expenditure of approximately \$13.8 billion in com-

bined State, Federal, and county funds, representative of the most complex and costly governmental programs. The allocation of these funds to the various departments that are responsible for administration of the programs is shown below.



¹ Reflects allocations for Agency Secretary, Department of Aging, Department of Alcohol and Drug Abuse, Health and Welfare Consolidated Data Center, Office of Statewide Health Planning and

Development, Governor's Advisory Committee on Child Care, State Council and Area Boards on Developmental Disabilities and the Health Facilities Commission which is independent of the Agency.

Commencing with this Budget, the Departments of Corrections and Youth Authority and the Board of Prison Terms, Youthful Offender Parole Board, Institutional Review Board, Board of Corrections, Correctional Industries Commission, and the Narcotic Addict Evaluation Authority are no longer included as part of the Health and Welfare Agency but are reported separately under the title of Youth and Adult Correctional Agency. This change is proposed in Reorganization Plan No. 3 of 1979, dated December 20, 1979 and is in response to Chapter 1252, Statutes of 1977.

Health and Welfare Agency

The Agency is responsible for administering the State's health, welfare, social and rehabilitative programs.

Current Accomplishments

The Agency will continue to implement the second phase of the Multipurpose Senior Services Center Program (MSSP). In the current year, eight sites have been selected for participation in the pilot project, and will be fully operational in the 1980-81 Fiscal Year. Total program cost for 1980-81 is \$14.6 million, to be funded from various resources. Over 2,100 frail and elderly Californians will share in the health benefits of these centers.

Proposed Accomplishments

In the interest of services to youth, the Agency is preparing a Master Plan for Services to Children and Youth for submission to the Legislature on July 1, 1980. Additionally, the Agency is coordinating all State activities related to the Statehouse Conference on Children and Youth to be held in April 1980 in Sacramento, California.

The Agency is also coordinating activities related to the White House Conference on The Family planned for the Summer of 1980 to be held in Washington, D.C.

Department of Health Services

The Department of Health Services administers the Medi-Cal, Public Health, and Licensing and Certification programs.

Current Accomplishments

During the current year, the Department of Health Services (DHS) will continue to serve California through its broad range of programs to improve the health of its citizens: Medi-Cal pays for medical care for persons who cannot afford such care; Public Health protects the public against unsafe foods, drugs, water supplies, and hazardous materials; and Licensing and Certification regulates licensed health facilities throughout the State. The largest of these: the Medi-Cal Program, has a projected (1979-80) caseload of 2,896,000 and expenditures of \$3.8 billion.

During 1979-80, the new fiscal intermediary, Computer Sciences Corporation (CSC), will complete the installation of its claims processing system. CSC began paying pharmaceutical claims on June 1, 1979, long-term care claims on September 1, 1979 and hospital inpatient and outpatient claims on December 1, 1979. Under the conversion schedule, medical and other professional claims will begin to be paid by CSC on March 1, 1980.

In accordance with Chapter 282, Statutes of 1979 (AB 8), the Department of Health Services is administering the newly created County Health Services Fund which pays for a share of the cost of county health services. Subventions to counties under AB 8 will total \$267 million in 1979-80 and \$306 million in 1980-81. County requirements under AB 8 include the submission of plans, budgets, expenditure information, and specified reports to the Department.

Proposed Accomplishments

In the budget year, total expenditures for the Department of Health Services are anticipated to grow by \$621 million; General Fund expenditures will increase by \$311 million. The largest part of that growth will be experienced by the Medi-Cal program, whose caseload is expected to increase by 2 percent to 2,954,400 and whose total expenditures are expected to increase by 14.3 percent to \$4.3 billion. Included in the 1980-81 budget is \$141.6 million (\$76.6 million General Fund) for a 9 percent Medi-Cal provider rate increase and \$11.5 million (\$7.9 million General Fund) for Medi-Cal County Administration cost-of-living increases. In addition, other local assistance public health programs receive a 9 percent provider rate increase.

The proposed budget continues the seven positions added in 1979-80 to implement the Medi-Cal hospital cost containment program, which is designed to reduce the rapid rate of growth in Medi-Cal hospital costs. The progress of this program will be reviewed in the spring to identify potential budget year savings, which will be reflected in the May revision of the Governor's Budget.

An additional 242 positions have been proposed for the Department of Health Services to enable the Department to provide essential health services. Among the more significant program changes are:

- A redirection of California's share of Federal public health incentive grants (314(d)) to fund local public health agencies, and a redirection of State public health assistance funds to support State laboratory personnel and new local assistance programs.
- Sixty-five new positions related to the environment are proposed, including 22 positions for hazardous waste inspections, 14 positions for investigating chemical contamination in the environment, and 23 positions for searches of abandoned dump sites. Six new positions are proposed in the Radiologic Materials area: three positions for environmental monitoring standards and surveillance to protect the public from uncontrolled releases of radioactivity from nuclear power plants; two positions for the implementation of standards for the protection of radioactive materials from seismic events, fire, theft, or malevolent misuse; and, one position for the development of a comprehensive system for control of radioactive materials in transit.
- Increased staffing in the Department of Social Services' Disability Evaluation program is anticipated to result in \$5.3 million General Fund savings in the Medi-Cal program in 1980-81 and \$25.8 million annual General Fund savings by 1983-84. These savings will be achieved as Medi-Cal applicants now classified as medically indigent (MI) eligibles are classified as federally funded medically needy (MN) eligibles after a disability evaluation.

A continuing emphasis will be placed on preventing fraud and abuse in the Medi-Cal program. Augmentations for the 1980-81 budget include 31 positions to screen public complaints alleging fraud by providers and beneficiaries and to investigate large-scale abuses in the program. Additionally, thirty-four new positions are proposed to augment the Department of Justice's Medi-Cal fraud unit.

Other program augmentations include:

- Nineteen positions for county health services to implement the provisions of AB 8, Chapter 282 Statutes of 1979.
- Forty-eight positions added to the Community Health Services Division, including 12 positions added to the High Risk Perinatal Unit and 13 positions to implement the Newborn Screening Program.
- Twelve positions added to the Rural Health Division, including four positions for the Farmworker Health program.
- Sixty-seven positions have been added to various programs for workload adjustments.

Department of Mental Health

The goals of the Department of Mental Health are to develop and provide a continuum of mental health services for the state's mentally disabled persons.

Current Accomplishments

The 1979-80 Budget Act provided an augmentation of approximately \$28 million for a mental health initiative providing alternatives to State hospital placement. These programs have contributed to a population decrease in State hospitals for the mentally disabled from 5,060 patients on June 30, 1979 to an estimated 4,836 patients on June 30, 1980. Chapter 1172, Statutes of 1979 (AB 1438) reappropriated \$15,000,000, included in the Budget Act of 1979, to the State Department of Mental Health for assistance to community mental health programs; appropriated \$750,000 for the development of a statewide mental health prevention program; and appropriated \$300,000 for the development of a statewide mental health management information system. Also included in the augmentation was \$1.6 million provided for revised staffing standards in the State hospitals.

Proposed Accomplishments

The 1980-81 budget proposes a total Mental Health expenditure of \$576,558,731 including an augmentation of \$25 million General Fund to establish nonhospital community based services and to reduce admissions and use of State hospitals. An additional \$26.2 million is included to provide a nine percent cost of living adjustment. These augmentations together with existing programs are expected to reduce the State hospital population by 600 from an estimated 4,836 on June 30, 1980 to an estimated 4,236 patients on June 29, 1981. The budget also includes \$21,973,269 for capital outlay. These funds will continue the program of Fire and Life Safety improvements and will include \$4,145,000 for several projects related to the more efficient use of energy.

Department of Developmental Services

The Department of Developmental Services administers the Lanterman Developmental Disabilities Act. The intent of this Act, and the primary objective of the Department, is to ensure coordination of the provision of services to persons with special developmental needs. Services to the developmentally disabled are delivered directly through State hospitals and continuing care support services and indirectly through a statewide network of 21 private non-profit locally based community agencies.

Current Accomplishments

The Department of Developmental Services has responsibility for nine State hospitals serving 8,552 clients during 1979-80, representing a reduction in population of 403 clients from the preceding year. This declining State hospital population represents the Department's continued emphasis on placing State hospital residents into appropriate community settings. Section 10.68 of the Budget Act of 1978 provided initial funding for expansion of this effort and resulted in 41 net placements into the community above the 200 placements assumed in the Regional Centers budget. The 1979-80 budget for State hospitals includes \$1,369,536 and the 1980-81 budget includes \$1,568,118 for the continued funding of additional community placements by the Regional Centers.

The 21 Regional Centers provide intake, diag-

nosis, and referral services for approximately 72,000 individuals in the community with a budget of \$149.5 million. The current year budget includes a proposed deficiency of \$4.3 million for purchase of services and represents a 20.9 percent increase over the 1978-79 expenditure level. Also during the 1979-80 fiscal year, the Department reinstituted the policy of allowing the Regional Centers to discontinue the use of the Department's Continuing Care Services Branch staff and to assume case management responsibility for all clients. This will result in a transfer of 2,166 of the 10,900 clients presently receiving placement and follow-up services from the State to three of the regional centers. Additional requests by other regional centers to assume case management services are currently under review by the Department.

During the 1979-80 fiscal year, the Department has available funding for 225 Psychiatric Technician Apprentices at four State hospitals in order to improve recruitment and retention of qualified candidates for nursing classifications.

Proposed Accomplishments.

The 1980-81 budget includes the reorganization of the Community Services Division to respond to the need for accountability, administrative direction, and technical assistance in the Department's Regional Centers Program. Commensurate with this reorganization, additional staffing is proposed for the Electronic Data Processing and Audits Sections of the Administration Division to assure timely reporting and fiscal monitoring of community operations.

Continuing growth in the number of new clients served by the Regional Centers is projected at 9,168. Due to concentrated efforts on the part of the Department and the Regional Centers, 7,968 client cases have been identified as inactive and are being deleted from total caseload counts. This budget reflects a total caseload count of 73,677 which is a net growth of 1,200 due to the inactivations. Funding for the Regional Centers is projected at a 23 percent increase over 1979-80 with the General Fund increasing by \$34.2 million, including \$22.2 million for a 9 percent cost-of-living increase.

In addition, the budget reflects the implementation of Chapter 1132, Statutes of 1979 (AB 1164) that transfers the administration of the sheltered workshop programs from Develop-

mental Services to the Department of Rehabilitation through a contractual arrangement. Funding will remain in Developmental Services' budget to be used to reimburse the Department of Rehabilitation through an interagency agreement. This funding includes \$602,707 to fund 27.5 new positions to reflect increased emphasis on program management and monitoring and \$25,754,460 to provide workshop services for approximately 8,819 Regional Center clients. This amount includes funding for an additional 1,395 clients to be served during the 1980-81 fiscal year.

The 1980-81 budget for State hospitals projects a decrease of 487 developmentally disabled clients and a decrease of 578 mentally disabled clients. This decline in population permits a reduction of 929.5 level of care and nonlevel of care positions. Further, the Department has completed staffing standards pursuant to Assembly Concurrent Resolution 103 of 1978 for the Medical/Surgical and Continuing Medical Care Programs. An additional 187.5 positions have been included to phase in the standards for these programs. These adjustments and other minor staffing adjustments result in a net reduction of 685 State hospital positions.

The 1980-81 budget continues the current year funding level of \$1,309,126 for the Psychiatric Technician Apprenticeship Program. The Department proposes to use \$292,629 of this amount to continue a class of thirty apprentices at Camarillo State Hospital and will earmark \$1,016,497 for use in programs approved under the California Worksite Education and Training Act in cooperation with the Departments of Employment Development and Industrial Relations to support development of nursing and related health apprenticeship programs in this area.

The Department of Developmental Services' capital outlay program of \$119,911,745 for the current year and \$70,436,433 in the budget year includes \$114,359,067 and \$57,051,573 respectively for fire and life safety and environmental improvements in the nine State hospitals operated by this department. These amounts represent the 1979-80 and 1980-81 increments necessary to assure all clients in State hospitals reside in code conforming buildings by July 1982. Conditional Federal Certification has been granted based upon the Department's commitment to meet the deadline for the projected July 1982 population of 7,620 clients.

Department of Social Services

The programs administered by the Department of Social Services are designed to provide financial assistance to the eligible needy and to prevent abuse, neglect, and exploitation of children and adults who are unable to protect themselves. Major programs include: (1) SSI/SSP which provides cash grants to adults; (2) Aid to Families with Dependent Children (AFDC) which provides cash grants for children; (3) Food Stamps which provides nutritional aid to needy persons; and (4) Social Services which provides assistance to persons in need.

Current Accomplishments

Approximately 1.4 million low-income people will receive AFDC grants to meet the basic needs of children and their caretakers. In 1979-80, the average family of four will receive \$487 a month to meet these needs. The total grant costs will be \$2.1 billion (\$987 million in General Fund money, \$84 million in county funds, and \$1.04 billion in Federal funds).

The Supplemental Security Income/State Supplementary Program (SSI/SSP) is a Federal-State program which provides grants to finance basic needs of eligible aged, blind, and disabled individuals. An aged or disabled person currently receives \$356 and a blind person \$399 per month. Over 701,000 Californians will receive these payments during the year, at a General Fund cost of \$1.09 billion.

In the Food Stamp program, an estimated \$526 million in Federal funds will help approximately 1.4 million people to receive food during the 1979-80 fiscal year.

The Social Services Program provides services to California's elderly, blind, and disabled citizens and to children and families who need help. The In-Home Supportive Services (IHSS) component of Social Services supplies homemaker and chore services to the aged, blind, and disabled persons who need assistance with personal care and/or essential housekeeping tasks. Approximately 157,000 persons are served annually by county and private agency staff who provide such services pursuant to State guidelines. Departmental resources also provide social services for protecting the welfare of children who are being or are in danger of being

abused, neglected, or exploited. A special effort to combat child abuse through 24-hour child protection systems was initiated in 1979-80 at a cost of \$5 million to the General Fund.

Proposed Accomplishments

Estimated expenditures for all programs will increase from \$4.3 billion in the current year to \$5.2 billion in 1980-81. In accordance with existing statutes a 14.65 percent cost-of-living adjustment is included for AFDC, SSI/SSP, and Aid to the Potentially Self-Supporting Blind (APSB) programs in the budget year.

Approximately 1.5 million low-income people will receive AFDC grants to meet the basic needs of children and their caretakers. In 1980-81, the average family of four will receive \$559 a month to meet these needs. The total grant costs will be \$2.59 billion (\$1.2 billion in General Fund money, \$100 million in county funds, and \$1.29 billion in Federal funds).

Effective July 1, 1980, an aged or disabled person will receive \$416 and a blind person \$447 per month. Approximately 715,700 Californians will receive these payments during the budget year, at a General Fund cost of \$1.31 billion.

In the Food Stamp program, an estimated \$623 million in Federal funds will help approximately 1.4 million people to receive food during the 1980-81 fiscal year.

The budget also provides a 9 percent cost-of-living increase for other local assistance programs. This increase impacts such programs as County Administration, Adoptions, Other County Social Services, and Community Care Licensing. In addition, the budget for the In-Home Supportive Services Program reflects changes in the minimum wage and in the statutory maximum allowance on services provided.

Among the more significant program changes are:

- Additional Federal Social Services (Title XX) funds, in the amount of \$80 million, (\$40 million in each year) are anticipated to be received in Federal Fiscal Years 1980 and 1981. The funds would be used to continue the one-time Federal funds available in 1979-80, meet the requirements of 1979 Budget Act language, provide for cost-of-living increases, and expand the 24-hour child protection systems to the \$7.9 million level.

- An increase of 16.5 positions is proposed for the Indochinese Refugee Assistance Program (IRAP) which was established in 1975 by Federal legislation to meet the needs of Vietnamese, Cambodian, and Laotian refugees coming into the United States. This program will provide aid and services in 1980-81 to over 98,000 of these persons who have established residency in California and are in need of assistance. This 100 percent federally funded program was extended through September 30, 1981 by Public Law 96-110, signed by the President in November 1979.
- Approximately 170,000 persons will be served annually by county and private agency staff who provide in-home supportive services. The General Fund cost is estimated to be \$149.4 million in the budget year.
- Increased staffing in the Disability Evaluation program is anticipated to result in \$25.8 million annual General Fund savings in the Medi-Cal program by 1983-84. These savings will be achieved as the result of statewide implementation of a simplified system of evaluating medically indigent (MI) applicants for medical eligibility as federally funded medically needy eligibles.
- A substantial increase in departmental resources is proposed due to Chapter 282, Statutes of 1979 (AB 8), which directs the Department of Social Services to implement a Centralized Delivery System in all counties by July 1, 1984. This system will be a joint State and county operation by which the State will provide management and delivery support to locally administered public assistance programs. Centralized Delivery will enable the State to realize sizeable cost savings through the standardization of programs and procedures throughout the State.

Employment Development Department

The Employment Development Department provides a labor exchange facility for jobseekers and employers, helps welfare recipients and other disadvantaged persons to become self-sufficient through job training and employment, administers the Unemployment Insurance (UI)

and Disability Insurance (DI) programs, and administers the tax collection and accounting functions under the UI, DI, and Personal Income Tax withholding programs.

Current Accomplishments

Chapter 1181, Statutes of 1979 (SB 132), established the California Worksite Education and Training Program, and appropriated \$25 million for a three year period. This program is intended to provide vocational and technical classroom instruction, combined with worksite training in jobs that will create career opportunities to youth and low income participants.

Proposed Accomplishments

The Governor's Budget established 25 positions in 1979-80 in the Employment Development Department to implement the California Worksite Education and Training program CWETA. These positions will continue over the next three years. The plan of expenditure is \$10 million current year, \$8 million budget year and \$7 million in Fiscal Year 1982-83. Additionally, the Department will utilize \$1,016,497 for CWETA in cooperation with the Department of Developmental Services.

Department of Rehabilitation

The Department of Rehabilitation helps disabled persons reach social and economic independence. The Department's primary goal is to rehabilitate and place into suitable employment, physically and mentally handicapped persons.

Current Accomplishments

Chapter 191, Statutes of 1979 (AB 204) provided \$2 million State funding for 1979-80 for 13 of the 24 existing Independent Living Centers (ILC) in California.

Proposed Accomplishments

The Governor's Budget proposes \$2 million General Fund for the budget year to maintain funding of core services in the Independent Living Centers. The Administration will support legislation with an additional \$1 million from the General Fund to establish an ongoing State program. The proposed legislation will provide for a 50 percent State/50 percent local funding

match to be phased-in by Fiscal Year 1982-83.

Services to the Elderly

In addition to the programs identified above there are major services provided to the public which cross Departmental lines. Notably, California provides a wide range of specific programs and services to the elderly.

The Department of Aging administers Federal funds of approximately \$65 million for specific grant programs under the Older Americans Act of 1965, as amended. These funds provide meals and services for the elderly at selected sites throughout the State. In 1979-80, California established a Nutrition Reserve Fund with \$5 million General Fund support as a means of providing interim funding for nutrition projects experiencing temporary financial difficulties in order to prevent project closures. The Department also administers approximately \$500,000 in State funds for the Senior Companion and Foster Grandparent Programs and the Senior Nutrition and Volunteer Services Program. These programs encourage private and public community agencies to utilize senior citizens' skills.

In addition, the State provides numerous other services to the elderly which are administered by various State agencies.

The Health and Welfare Agency administers the Multipurpose Senior Services Program which was established under the authority of Chapter 1199/Statutes of 1977. This is a pilot program to develop and test effective methods for coordinating and supplementing the various categorically funded social and health services available to the elderly. The project brings together funding from various resources with a budget of \$43.8 million over the five year life of the project. The 1980-81 budget includes \$14.6 million for these services.

Additionally, the Governor's Budget proposes, within the Medi-Cal program, a significant increase in Adult Day Health Care services for the elderly. An expenditure increase to \$5.7 million, or \$2.9 million in General Funds, will increase the number sited from 25 to 50 and the number of participants from 700 to 2,500.

Among the major programs in the Department of Social Services which provide services to the elderly are the Supplemental Security Income/State Supplementary Program (SSI/SSP)

program and the In-Home Supportive Services (IHSS) program. It is estimated that the SSI/SSP program will provide grants to approximately 715,700 aged, blind, and disabled individuals at a General Fund cost of \$1.31 billion. These recipients will receive a 14.65 percent cost-of-living increase on July 1, 1980 in accord-

ance with State statutes. The IHSS program is anticipated to provide homemaker and chore services to 170,000 disabled and elderly individuals in 1980-81 at a total cost of \$249 million. This represents a 40 percent increase over actual 1978-79 program expenditures of \$178 million.



Education

(Changes and Accomplishments)

The citizens of the State continue to have available to them and their children, broad educational offerings spanning kindergarten through high school and postsecondary education from adult education and the Community Colleges through the highest degrees offered by the University Systems. The loss of local property taxes resulting from the passage by the electorate of Proposition 13, was largely mitigated by the passage of Chapter 282, Statutes of 1979 (AB 8) in the 1979 Legislative Session which changed the State's share in the financing of schools in K-12 and the Community Colleges. In 1980-81 total State funding in the amount of \$8,464.5 million will be provided for K-12 and Community College programs including State Teachers Retirement System Contributions by the State, Debt Service on Public School Building Bonds, and School Facilities Aid. This compares to \$3,535.6 million for these same programs in 1977-78, the year prior to Proposition 13. The major area of concern is now the education of the handicapped. The Master Plan which was developed in California and has been adopted nationwide, will be extended to include 45% of the total special education enrollment in 1980-81. In the Community Colleges, funds available for handicapped students have been specifically identified and appropriated. The passage of AB 8 provided a funding mechanism for the Community Colleges through 1980-81. In the 1980 session, it is anticipated that a permanent financing plan for the Community Colleges will be enacted.

Both the University of California and the California State University and Colleges experienced increases in enrollment in 1979-80, which are expected to continue in 1980-81. This will allow time for the planning necessary to adjust for the forecasted steady-state enrollments which are anticipated to occur in the mid 1980's when the number of 18-to-25 year old citizens declines. The proposed budget contains funds to serve disabled students identified in both segments under a new program established for them. In addition, each campus in both segments will have core staff to expand the Student Affirmative Action Program which has been designed to help educationally disadvantaged and under-represented groups of students enter the University and College systems as regular students.

DEPARTMENT OF EDUCATION

California's public education system is administered at the State level by the Department of Education under the direction of the State Board of Education and the Superintendent of Public Instruction, for the education of more than four million students from preschool age through adulthood. State support of elementary and secondary education has changed significantly since the public approved Proposition 13 in June 1978. During 1978-79, over \$2.1 billion was appropriated in several bills from the State surplus to the public schools to replace losses in property taxes resulting from the initiative's enactment. In July 1979, the Legislature enacted and the

Governor signed without modification, a longer term school finance measure, AB 8, that establishes a new general aid support process for the public schools and increased State support for K-12 schools by \$3,256 million in 1979-80 and \$3,425 million in 1980-81. Today the State's share of public school support is in excess of 70 percent compared to the 39 percent share which existed in 1977-78 prior to Proposition 13.

Current Accomplishments

1. *School Finance*

AB 8 continues the State assumption of the reduction in property taxes resulting from Proposition 13. It provides for a \$549.5 million increase in school district revenue limits in 1979-80. The bill also provides for a new equalization mechanism to achieve substantial compliance with the Serrano vs. Priest mandate, and adds several new State funding sources for school district construction and deferred maintenance needs. In 1979-80, an estimated \$99 million in new State funds will be made available for portable classrooms and school construction.

2. *Master Plan for Special Education*

Chapter 1247, Statutes of 1977 (AB 1250), authorized expansion, starting in 1978-79, of the California Master Plan for Special Education as a continuing program with additional funding contained in Chapter 894, Statutes of 1977 (AB 65), and Chapter 282, Statutes of 1979 (AB 8). The additional funding of \$48 million from AB 65 and \$51.4 million from AB 8 provided \$200.8 million in the current year. This allowed for a 44 percent increase in the number of students served by Master Plan (to 30 percent of all children in special education).

3. *School Improvement Program*

The School Improvement Program, established by Chapter 894, Statutes of 1977 (AB 65), is aimed at restructuring education in kindergarten through grade 12. It replaces the Early Childhood Education Program (ECE) in kindergarten through grade 3. In the current year, program implementation funds of \$118.4 million for grades K-6 and \$17 million for grades 7-12 are provided for a total of

\$135.4 million. No planning grants were provided for 1979-80.

4. *Economic Impact Aid*

Economic Impact Aid is in its first year of operation as a program which revises and consolidates the former Educationally Disadvantaged Youth and Bilingual Education Programs. Chapter 894/77 (AB 65) added 467 school districts to the program in 1979-80, for a total of approximately 1,000 districts in the program. The 1979-80 budget provided \$2.4 million for program expansion, \$8 million in discretionary funds for districts not receiving sufficient funds through the EIA formula, \$2 million for bilingual education mandated costs, and \$2.3 million to increase the supply of bilingual teachers.

5. *Urban Impact Aid*

Urban Impact Aid provides general aid to unified school districts meeting the criteria of size and concentration of disadvantaged pupils provided in Chapter 894/77 (AB 65). The 1979-80 budget appropriated \$44 million for this program. Chapter 282/79 (AB 8) augmented the program by \$18 million for 19 school districts qualifying on the basis of ADA. Statutory authority for all but the so called Meade portion of this program expires June 30, 1980. No funding is proposed in 1980-81 except for a statutory appropriation of \$8.7 million in Meade funds.

6. *Child Care*

The 1979-80 budget provided \$4.5 million expansion funds for child care to provide services to an additional 3,300 children. The current year budget also included \$37 million for school district and community college child care programs to replace revenues generated from permissive child care override taxes prior to passage of Proposition 13. The 25 percent match requirement for campus child care programs was reduced to 12½ percent in 1979-80, with General Fund replacement of the remaining 12½ percent. Legislation enacted in 1979 continued indefinitely the authorization for the alternative child care program in AB 460 (Chapter 251/79) and established intergenerational

child care programs in AB 1496 (Chapter 974/79).

7. *Vocational Education*

Chapter 282, Statutes of 1979 (AB 8), appropriated \$500,000 from horseracing license fees to the Department of Education for support of vocational student organizations. These funds are being used to conduct conferences, workshops, and in-service training, to prepare instructional materials, and to maintain affiliations with national vocational student organizations.

8. *School Facilities Aid*

The School Facilities Aid program was established by AB 8 (Chapter 282/79) and is aimed at providing construction and maintenance for elementary and secondary classrooms for education of public school pupils. For the current year, AB 8 contained two provisions for school construction and maintenance:

- Relocatable classrooms—\$13 million was appropriated for the purchase of relocatable classrooms to be leased to school districts experiencing rapid growth in enrollments.
- Lease-Purchase—Appropriated an amount equivalent to savings (“slippage”), if any, from State General Fund apportionments, which result from increases in assessed property valuation above specified levels. The appropriation of these savings was made for the purposes of the Leroy F. Greene Lease-Purchase Act of 1976. Originally, it was the intent of the Legislature in enacting this provision to appropriate these savings for transfer to the State School Building Lease-Purchase Fund for school facilities aid. General Fund apportionment aid to school districts would have been reduced by the amount of the transfer and the State would incur no new General Fund costs. However, due to a technical error in drafting this provision, \$86.5 million in additional funds was transferred for school facilities aid and the reduction in General Fund apportionment aid never occurred.

Proposed Accomplishments

1. *Apportionments for K-12 Schools*

As authorized by AB 8 (Chapter 282/79), State apportionments to K-12 schools are proposed to increase \$339.6 million in 1980-81. This excludes \$49.7 million in special education apportionments which is transferred to the Master Plan for Special Education. When combined with estimated local property tax revenues, this will make available sufficient resources to provide an average 7.6 percent increase in per-student revenue limits compared to 1979-80 levels. These increases are provided on a basis which will move the State into more substantial compliance with the Supreme Court's Serrano vs. Priest decision, which mandates that wealth related expenditure differences between school districts be reduced to less than \$100.

2. *School Improvement Program*

The 1980-81 budget includes a \$21.8 million increase for a total of \$157.2 million General Fund for the School Improvement Program. The augmentation is to expand participation in the program by providing planning grants totalling \$8.8 million to 250 secondary schools serving approximately 294,000 students. Since the current year budget contains no planning grants, no expansion implementation funds are included in the budget year. In addition, \$13 million is provided for a 9 percent cost-of-living adjustment.

3. *Economic Impact Aid*

The Governor's Budget contains \$6 million for expansion of Economic Impact Aid. This augmentation will be targeted directly to the 467 school districts with EIA factors between .35 and .9 that received insufficient funding through the 1979-80 formula augmentation to develop effective compensatory education programs for bilingual and other educationally disadvantaged pupils. Included in budget totals is a 9 percent increase for a cost-of-living adjustment.

4. *State Special Schools*

The California School for the Deaf and the California School for the Blind currently located in Berkeley, will be occupy-

ing new facilities in Fremont during the 1980-81 fiscal year. This marks the culmination of a \$49.7 million construction effort. The 1980-81 budget includes an additional \$2.2 million from the General Fund for 33.5 new security, maintenance, and instruction positions and to cover costs of moving staff and equipment to the new school site.

5. *Master Plan for Special Education*

The Master Plan for Special Education is proposed for expansion pursuant to AB 1250 (Chapter 1247/77) through an augmentation of \$107.2 million from the State General Fund, resulting in a budget year program level of \$308 million which includes \$52 million reallocated from non-Master Plan Special Education programs and \$55.2 million of new General Funds. The number of children served under Master Plan will increase by approximately 57,000 or from 30 percent to 45 percent of children in special education. The program as proposed in 1980-81 provides \$19.7 million for the state's assumption of costs previously borne by districts and counties for non-master plan special education programs. The monies for the master plan will be distributed on a cost-per-services basis as provided in statute.

6. *Bilingual Teacher Corps*

A November 1979 report to the Legislature by the Department of Education and the Student Aid Commission recommends a merger of this program with the Bilingual Teacher Development Grant Program, to be administered by the Student Aid Commission. As a result of this recommendation and in anticipation of legislation, the base program level is continued.

7. *Child Care and Preschool*

This budget provides \$168.8 million in State General Fund for child care and preschool programs. Funding is provided for a State buyout of the 12½ percent match requirement for all campus programs except those receiving bailout through Chapter 282/79 (AB 8). Those 17 programs will provide a 25 percent match.

A \$2.4 million inflation augmentation is

provided for the preschool program which will be administered on a sliding scale to equalize per capita costs for all preschool programs at \$1,461 in 1980-81.

This budget proposes \$15.8 million to provide a cost of living adjustment for child care programs. Expansion funds for the child care program should be addressed in separate legislation which results in necessary changes to the existing child care program.

8. *Development Centers for Handicapped Pupils*

This program serves severely physically and/or mentally handicapped youth as part of community based respite support for parents. The funding level base for this program has been reduced by \$2.3 million to a budget year level of \$9.4 million to reflect a transfer in anticipated enrollments which will be funded through the Master Plan for Special Education. These centers will continue to be fully funded. Included in budget totals is a 9 percent increase in funding for a cost-of-living adjustment.

9. *Professional Development and Improvement Centers*

The Professional Development and Improvement Act of 1968 provides for the establishment of centers to offer comprehensive in-service training programs to classroom teachers in elementary schools having low pupil achievement. The funding level base for this program has been increased \$304,000 to a budget year total of \$961,306 to raise the funding level for each of the 16 existing centers from \$41,000 to \$60,000.

10. *Staff Development and Resource Centers*

In accordance with AB 551 (Chapter 966, Statutes of 1977), six Staff Development Resource Centers coordinate staff development activities for school personnel and also respond to staff development requests from schools participating in the School Improvement Program. The budget contains \$225,000 for three new resource centers to serve major population areas not presently receiving staff development services. Included in budget

totals is a 9 percent increase in funding for a cost-of-living adjustment.

The proposed budget also includes \$500,000 for continuance of Resource Center bilingual in-service training. The in-service training is to assist teachers currently on waivers to attain competency in bilingual education.

In addition to providing for the establishment of Staff Development Resource Centers, AB 551 permits local schools to develop school site staff development programs. The 1980-81 budget includes \$325,000 to add 75 schools to the 191 currently covered by the school site programs.

11. *Legislative Mandates*

Chapter 1135, Statutes of 1977 (SB 90), empowered the State Board of Control to accept and arbitrate mandated cost claims from local school districts complying with legislation passed since 1974, despite disclaimers exempting these costs from reimbursements. The 1980-81 Governor's Budget provides \$41.3 million to school districts for legislative mandates, including three chapters which were initially disclaimed—collective bargaining for school district employees (Chapter 961/75), jury duty for certificated employees (Chapter 593/75), and retirement credit for unused sick leave (Chapter 89/74).

12. *State Child Nutrition Program*

The Child Nutrition Program provides for State allocation of funds to school districts for reimbursement of costs for provision of nutritious school meals. The funding level has been increased \$7.4 million over the current year cost estimate, to a budget year level of \$42.1 million General Fund. This provides for: (1) fully funded 1980-81 basic subsidies, and (2) the statutory elimination of low-wealth school districts eligibility for needy subsidies due to assessed valuation increasing higher than anticipated as calculated by statutory formula.

13. *State Instructional Materials Program*

This program provides State aid to school districts and private school (kin-

dergarten and grades 1 through 8) pupils for the purpose and use of instructional materials. The 1980-81 budget of \$42.7 million represents an increase of \$4,333,672 over 1979-80, for an 11.3 percent cost-of-living adjustment to provide increased State aid for the purchase of instructional materials.

14. *Contributions to the State Teachers' Retirement Fund*

This program provides state financing of teacher retirement benefits which are not funded by employer and employee contributions and income from investments. Due to the rising costs of retirement benefits and the escalation of the unfunded liability in the teachers' retirement system, Chapter 282, Statutes of 1979 (AB 8), provides \$27.3 million in additional funds in 1980-81 with the intent of stabilizing the growth in unfunded retirement obligations. The State's direct contribution to STRS which totals \$171.6 million in 1980-81, will continue to increase in the future through annual adjustments based on the Consumer Price Index plus an additional annual increase of \$20 million per year through 1994-1995.

15. *School Facilities Aid*

The 1980-81 budget includes \$54.6 million for school building maintenance and construction. AB 8 appropriated for school facilities the amount of repayments on State School Building Aid loans (if any) in excess of the amount required to reimburse the General Fund for debt service.

In addition, AB 8 provides that revenues to local entities in excess of the expenditures allowable under Proposition 4 be made available for school construction by reducing subventions to local jurisdiction by one-half of that jurisdiction's excess sales tax and one-fourth of its excess property tax revenues.

HIGHER EDUCATION THE UNIVERSITY OF CALIFORNIA

The University of California, consisting of eight general campuses and one health science campus, is the land grant State university. It has

constitutional status as a public trust and is administered by a board of regents.

It is charged, along with the California State University and Colleges, of offering the baccalaureate degree. In addition, the Donahoe Higher Education Act of 1960 (Master Plan) gives the University exclusive jurisdiction in public higher education over instruction in the professions of law, medicine, dentistry and veterinary medicine. The University has sole authority to award doctoral degrees in all disciplines. The Donahoe Act also designates the university as the primary State-supported academic agency for research.

Current Accomplishments

In the current year, the University is providing an education to 109,699 full-time equivalent students at the general campuses and to 12,405 FTE students budgeted in the health science disciplines. The general campus students represent an increase of 2,563 FTE over the level budgeted for the current year.

Proposed Accomplishments

The University is planning to provide education to 108,773 FTE students at the general campuses and to 12,716 FTE students in the health science disciplines in 1980-81.

To accomplish the mission of providing university level education, the 1980-81 budget will provide a total of \$959.7 million from the General Fund for the University of California. This represents a \$53.8 million (5.9 percent) increase above the 1979-80 level of support exclusive of any amount subsequently granted for salary increases. Included in this total, the budget provides an \$7.9 million General Fund increase to accommodate the increase in both general campus and health science disciplines. In addition, funds are proposed for an additional 92 FTE teaching assistants to strengthen undergraduate instruction. Instructional support for the general campuses is strengthened with the proposed addition of \$800,000 for instructional use of computers and \$2 million for replacement of instructional equipment. In addition, \$984,000 is included for the replacement of Federal capitation fund reductions expected to be approved by Congress which are used to support medical education activities and \$618,450 is proposed for 10 FTE faculty and support in preparation for

the enrollment of students in the Charles R. Drew/UCLA Undergraduate Medical Program.

A total increase of \$1.5 million is provided for the support of the University's research efforts in 1980-81. This will provide financing for a greater emphasis on energy research and will provide the necessary funding increases for ongoing research efforts in integrated pest management and in space sciences.

The budget provides a proposed increase of \$2.1 million in State General Funds for the Student Affirmative Action Program. This increase provides a program increase of \$200,000 and a funding shift of \$1,889,000, whereby the State assumes the financing of that portion of the program presently funded from student fees.

Included in the total is a proposal to increase funds for handicapped students by \$570,000 in the budget year. This increase will provide for additional students and will ensure the continuation of programs previously established for these students.

In addition to workload related to the addition of new space of \$609,600, the budget provides \$3,250,000 to finance improved service levels for building maintenance, janitorial services, and utilities operations. In addition, the budget provides \$5 million for deferred maintenance and special repairs from the Capital Outlay Fund for Public Higher Education.

Finally, an increase of \$360,000 is requested to support a personnel manpower training program designed to meet the special needs of California agricultural employers and workers in farm personnel management and \$300,000 is proposed to expand the California Writing project by establishing additional centers throughout the State in cooperation with other public educational institutions.

CALIFORNIA STATE UNIVERSITY AND COLLEGES

Under the provisions of the Master Plan for Higher Education, the California State University and Colleges (CSUC) provide instruction in the liberal arts and sciences and in professions as well as applied fields requiring more than two years of collegiate effort. Also mandated is instruction in teacher education for undergraduate and graduate students. In addition, the doctoral degree may be awarded jointly with the Univer-

sity of California or private institutions, and faculty research is authorized. The CSUC 19 campus system is governed by a 23 member Board of Trustees which appoint the Chancellor.

Current Accomplishments

Currently, CSUC is budgeted at the enrollment level of 229,350 full-time equivalent (FTE) students. Additionally, Chapter 1176, Statutes of 1979 (AB 1173), provides CSUC a special one-year appropriation of \$2 million to lessen the negative impact of enrollment declines on instructional programs and also to lessen the negative impact on upward mobility and affirmative action. The 1979-80 budget provides funding for those disabled students attending CSUC.

In addition, the 1979-80 budget provides \$616,461 to finance special conservation projects directed to reducing CSUC's energy consumption.

Proposed Accomplishments

For 1980-81, the CSUC system anticipates enrolling 230,750 FTE. This represents an increase from the previous year budget enrollment of 1,400 FTE. The 1980-81 budget provides a total of \$852.6 million in General Fund support. This is an increase of \$31.1 million (3.8%) above the amount appropriated for the 1979-80 fiscal year exclusive of any amount subsequently granted for salary increases. The total of \$852.6 million includes an increase of \$2,403,796 necessitated by the rise in enrollments. In addition, the 1980-81 budget proposes an increase of \$3,597,072 which establishes a 17.7 to 1 student-faculty ratio at CSUC. This proposal moves the student-faculty ratio to the historic level of 17.8 to 1 adjusted by changes in student demand. The proposed budget also contains new or additional funds for New Program Development and Evaluation with special emphasis given to increasing the representation of women and minority students (\$224,746); special repair and maintenance projects on various CSUC campuses (\$2,964,448); implementation and evaluation of core student affirmative action programs on all CSUC campuses (\$1,050,000); disabled student services (\$573,810); and campus implementation of collective bargaining for CSUC as authorized under Chapter 744, Statutes of 1978 (\$300,000).

Also included in the 1980-81 budget is \$647,285 from the Energy and Resources Fund to continue a program which began in 1979-80 with General Funds to lower energy consumption rates through "quick-fix" and retrofit projects. An additional \$3,000,000 is proposed from the Capital Outlay Fund for Public Higher Education to fund additional special repairs and deferred maintenance projects over a two-year period.

BOARD OF GOVERNORS CALIFORNIA COMMUNITY COLLEGES

The Board of Governors provides Statewide leadership to the 70 community college districts and 106 community colleges and serves as a planning, coordinating, reporting, advising and regulating agency. The Chancellor's Office is the administrative arm of the Board. It directly administers a credentialing program, the State-funded Extended Opportunity Programs and Services (EOPS), certain aspects of Federally funded occupational programs, a grant and loan program for community colleges engaged in projects of innovative and nontraditional methods of instruction, and State apportionments to the 70 local districts.

Current Accomplishments

State aid for community colleges during 1979-80 and 1980-81 is determined by AB 8 (Chapter 282, Statutes of 1979) formula calculations which supersede the procedures established by Chapter 292/78 (SB 154). AB 8 substantially revises the procedures for funding community colleges. The new revenue levels of districts are determined primarily by formulas based on prior year district revenues and prior and current year ADA. These baseline revenues are then increased by a variable cost-of-living adjustment averaging 8.6 percent in 1979-80 which will tend to equalize revenues among districts over time. Enrollment changes are funded at a marginal rate equal to two-thirds of the average statewide revenue per unit of average daily attendance. Special adjustments are also provided for small districts, small colleges in multicampus districts and large (urban) districts.

AB 8 appropriated \$976 million for the 1979-80 fiscal year.

Proposed Accomplishments

Because Proposition 13 altered the previous ability of community college districts to raise local property tax revenues, additional State aid was necessary. In 1979-80 and 1980-81 additional state funding was provided by AB 8 (Chapter 282, Statutes of 1979). It is anticipated that State aid for 1981-82 and thereafter will be the subject of legislative action during the 1980 Session.

The 1980-81 Budget contains an \$86.8 million increase in funding for inflation and increased ADA per AB 8 for community college apportionments. The total apportionment of State aid to community colleges for the budget year is \$1,062,800,000 and will be available to support all community college programs.

The California Worksite Education and Training Act of 1979 was enacted by passage of SB 132 (Greene). For 1980-81, this program to reduce unemployment in California, will be extended through a cooperative effort between the Employment Development Department and the California Community Colleges utilizing currently budgeted funds.

One of the significant increases in this budget is for Extended Opportunity Programs and Services (local assistance) as part of the Governor's continuing commitment to serve disadvantaged community college students. The additional \$2,723,988 proposed for this program is a 13.3 percent increase over 79/80 and will serve about 3,500 additional students. Included in the additional funding is a 9 percent inflation adjustment for grants and services. This will increase the average financial grant from \$271 to \$294. The number of students served will reach 67,890 in 1980-81 and program costs will increase to \$23,196,080.

The 1980-81 proposed budget for the Board of Governors of the California Community Colleges is 8.97 percent above the 1979-80 level for State Operations and Local Assistance (not including reimbursements).

STUDENT AID COMMISSION

The State of California provides financial assistance through its various programs to academically able students who desire to continue their education beyond high school but who, without financial assistance, would find it difficult or impossible to do so. The major portion

of this aid is provided through the Student Aid Commission by which the students' own resources can be complemented and supplemented thereby enabling attendance at both private and public institutions at both the undergraduate and graduate levels. The Commission's primary grant program is the Cal Grant Award program through which more than 60,000 undergraduate students are annually receiving assistance.

Pursuant to the 1978-79 Budget Act, a 13-member Student Financial Aid Policy Study Group is reviewing student financial aid policies and goals in the State of California. A report will be presented to the Legislature in early 1980, and the findings and recommendations of this group will presumably have a significant impact on the current State administered student financial aid programs. Table III reflects the current and anticipated normal growth of the Commission's student assistance programs under existing law.

Current Accomplishments

In 1979-80, the Commission will administer approximately \$87.7 million in student financial assistance providing for 62,828 grants. In addition to the grant programs, this agency is administering the State Guaranteed Student Loan Program pursuant to Chapter 1201, Statutes of 1977. With the Commission serving as the State guarantee agency for federally reinsured student loans, a conservative estimate of \$100 million in new student loans will be available to students in the current year.

Proposed Accomplishments

For 1980-81, approximately \$91.5 million will provide for 67,192 grants to students. This 4.4% funding increase over 1979-80 reflects an additional \$3.8 million for the Cal Grant Program awards to provide resources for (1) the statutory number of new Cal Grant awards; (2) an increased maximum Cal Grant award amount adjustment specified in Chapter 208, Statutes of 1979; and (3) increased educational costs. Continuation of the legislatively augmented 1979-80 award level for support of the Bilingual Teacher Development Grant Program is proposed. In addition, a conservative estimate of \$150 million in new student loan volume is projected for 1980-81.

**TABLE III
SUMMARY OF STUDENT AID GRANTS**

	1978-79	1979-80	1980-81	1981-82	1983-83
SCHOLARSHIPS—Cal Grant A					
Number of Grants	39,871	38,895	40,893	41,220	41,550
Average Amount/Grant	\$1,298	\$1,460	\$1,441	\$1,441	\$1,441
Total Cost	\$51,755,955	\$56,808,936	\$58,930,068	\$59,398,020	\$59,873,550
General Fund	(46,146,271)	(50,097,167)	(52,238,620)	(52,706,572)	(53,182,102)
Federal Funds	(5,609,684)	(6,711,769)	(6,691,448)	(6,691,448)	(6,691,448)
COLLEGE OPPORTUNITY GRANTS—					
Cal Grant B					
Number of Grants	17,920	20,042	22,447	25,410	28,764
Average Amount/Grant	\$1,143	\$1,165	\$1,129	\$1,129	\$1,129
Total Cost	\$20,481,177	\$23,358,090	\$25,345,277	\$28,687,890	\$32,474,556
General Fund	(16,371,231)	(18,506,306)	(20,478,096)	(23,820,709)	(27,607,375)
Federal Funds	(4,109,946)	(4,851,784)	(4,867,181)	(4,867,181)	(4,867,181)
OCCUPATIONAL EDUCATION AND TRAINING GRANTS—					
Cal Grant C					
Number of Grants	2,166	2,435	2,249	2,319	2,391
Average Amount/Grant	\$1,182	\$1,359	\$1,350	\$1,350	\$1,350
Total Cost	\$2,560,894	\$3,311,154	\$3,036,150	\$3,130,650	\$3,227,850
General Fund	(2,044,152)	(2,474,807)	(2,194,879)	(2,289,379)	(2,386,579)
Federal Funds	(516,742)	(836,347)	(841,271)	(841,271)	(841,271)
BILINGUAL TEACHER DEVELOPMENT GRANTS					
Number of Grants	160	431	466	466	466
Average Amount/Grants	\$2,578	\$2,413	\$2,231	\$2,231	\$2,231
Total Cost (General Fund)	\$412,581	\$1,040,000	\$1,039,700	\$1,039,700	\$1,039,700
LAW ENFORCEMENT PERSONNEL DEPENDENTS SCHOLARSHIPS					
Number of Grants	5	12	12	12	12
Average Amount/Grant	\$1,500	\$1,250	\$1,250	\$1,250	\$1,250
Total Cost (General Fund)	\$8,500	\$15,000	\$15,000	\$15,000	\$15,000
SUPERVISED CLINICAL TRAINING GRANTS					
Number of Grants	44	50	50	50	50
Average Amount/Grant	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Total Cost (General Fund)	\$445,000	\$500,000	\$500,000	\$500,000	\$500,000
GRADUATE FELLOWSHIPS					
Number of Grants	1,004	963	1,075	1,075	1,075
Average Amount/Grant	\$2,401	\$2,801	\$2,510	\$2,501	\$2,501
Total Cost (General Fund)	\$2,410,296	\$2,698,000	\$2,698,000	\$2,698,000	\$2,698,000
TOTAL NUMBER OF GRANTS					
.....	61,170	62,828	67,192	70,552	74,308
TOTAL COST					
General Fund	\$78,074,403	\$87,731,180	\$91,564,195	\$95,469,260	\$99,828,656
General Fund	(67,838,031)	(75,331,280)	(79,164,295)	(83,069,360)	(87,428,756)
Federal Funds	(10,236,372)	(12,399,900)	(12,399,900)	(12,399,900)	(12,399,900)

Education Capital Outlay

Deciding upon the proper amount and timing of capital expenditures for education is a complex and difficult task. Problems relating to construction, technology, and design are different for each project, but beyond that are the questions of the number and mix of students to be served and the most equitable methods of financing the facilities ultimately approved. The Capital Outlay Program for education continues to fund the highest priority needs for higher education. The 1980-81 Capital Outlay Program proposes utilization of resources from three funds: the Capital Outlay Fund for Public Higher Education (COFPE) (\$39,859,700); the Health Science Facilities Construction Program Bond Fund (\$1,295,000); and an additional \$2,564,000 for capital outlay programs is proposed to be forthcoming from the Energy and Resources Fund (ERF) to support new energy initiatives both in this budget and in the future.

The Capital Outlay Fund for Public Higher Education is funded from a portion of the State's tideland oil revenues. Revenues in the fund for 1980-81 are proposed to be expended for capital outlay needs for the University of California, General Campuses (\$14,282,000) and Health

Sciences (\$3,198,000); Hastings College of Law (\$776,000); the California State University and Colleges (\$10,019,500); and the California Community Colleges (\$11,584,200).

The Health Science Facilities Construction Program Bond Fund receives its income from the sale of general obligation bonds and is used exclusively to finance Health Science capital outlay projects for the University of California. The expenditures proposed for this budget will substantially exhaust the bonds authorized by the electorate in 1972.

The proposed expenditure from the Energy and Resources Fund (ERF) is to provide a greater emphasis to be directed towards the development of energy related programs. Legislation will be introduced to establish this fund and will reallocate the receipts from the sale of the State tidelands oil, after all fixed obligations are met, equally to the Capital Outlay Fund for Public Higher Education, the Energy and Resources Fund, and the General Fund. For a more detailed explanation refer to the special presentation on the Tidelands Oil Income, on page A-15.

Table IV illustrates the relationship between fund sources and the proposed use of those funds by the education segments.

TABLE IV
TOTAL EXPENDITURES FOR MAJOR AND MINOR CAPITAL OUTLAY IMPROVEMENTS
FOR THE SEGMENTS OF EDUCATION
1980-81

	<i>University of California General Campuses</i>	<i>Health Sciences</i>	<i>Hastings College of Law</i>	<i>California State University and Colleges</i>	<i>California Community Colleges</i>	<i>Total Capital Outlay Expenditures by Fund</i>
Expenditures from:						
Capital Outlay Fund for Public Higher Education	\$14,282,000	\$3,198,000	\$776,000	\$10,019,500	\$11,584,200	\$39,859,700
Energy and Resources Fund	758,000	-	-	1,606,000	200,000	2,564,000
Health Science Facilities Construction Program Bond Fund	-	1,295,000	-	-	-	1,295,000
Subtotal, State Support	\$15,040,000	\$4,493,000	\$776,000	\$11,625,500	\$11,784,200	\$43,718,700
Federal Funds	\$1,780,000	\$68,000	-	-	-	\$1,848,000
Nonstate Funds	20,258,000	14,905,000	-	\$7,407,000	\$5,037,500	47,607,500
Regents Reserve Account	-	330,000	-	-	-	330,000
Subtotal, Nonstate Support	\$22,038,000	\$15,303,000	-	\$7,407,000	\$5,037,500	\$49,785,500
TOTAL, CAPITAL OUTLAY PROGRAM EXPENDI- TURE BY SEGMENT	\$37,078,000	\$19,796,000	\$776,000	\$19,032,500	\$16,821,700	\$93,504,200

UNIVERSITY OF CALIFORNIA

The University has two major capital outlay budgets: one pertains to the eight General Campuses and the other to campuses which have Health Sciences programs.

Current Accomplishments

The 1979-80 budget reflects the planning and construction of projects using the funds made available by the Health Sciences Facilities Construction Program Bond Fund. These funds are used exclusively to finance health sciences capital outlay projects for the University of California. Capital Outlay Funds for Public Higher Education (COFPHE) funds were also made available for the highest priorities of the University: the construction of the seismically deficient patient care facility at the Sacramento Medical Center; planning and construction funds for Schoenberg Hall at the Los Angeles campus; and general and advance planning funds for the Drew/UCLA undergraduate medical education program facility.

Proposed Accomplishments

Funding for 1980-81 encompasses the highest priorities of the University of California. Projects consists of the correction to life and safety, minor capital outlay improvements and planning funds for the Northern and Southern Regional Library Compact Shelving Facilities. In addition, construction funds have been provided for the Drew/UCLA undergraduate medical education program facility and planning funds pertaining to the development of studies to determine the effect of the State Seismic policy upon all University facilities.

HASTINGS COLLEGE OF LAW

Hastings College of Law provides students with an education to prepare them to become experts in the field of law.

Current Accomplishments

The 1979-80 budget provided the necessary planning funds to provide alterations and renovation of the existing facility to meet the academic program and equipment funds to make the new academic facilities building operable.

Proposed Accomplishments

Funding for 1980-81 will complete the renovation of the existing facility to meet the academic program and the necessary code deficiencies as required by current law.

THE CALIFORNIA STATE UNIVERSITY AND COLLEGES

The State University and Colleges consists of 19 campuses.

Current Accomplishments

The 1979-80 Capital Outlay Program was designed to continue the elimination of architectural barriers to the handicapped, other code deficiencies, minor capital outlay improvements, funds for the construction of a music building at Long Beach State University, a new science building and the fire damage repair to the forestry building at Humboldt State University.

Proposed Accomplishments

Funding for 1980-81 will meet a number of high priority projects, including continuation of the elimination of architectural barriers to the handicapped, other code deficiencies, minor capital outlay improvements, equipment funds to make operable the Robert E. Kennedy Library at Polytechnic State University, San Luis Obispo, and construction funds for the conversion of the old library building at San Diego State University.

CALIFORNIA COMMUNITY COLLEGES

The Community Colleges are designed to prepare the student after high school with a two-year degree program and offers vocational training.

Current Accomplishments

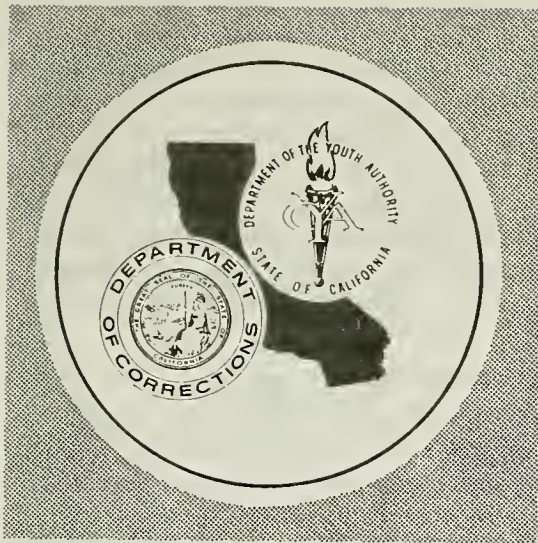
The 1979-80 Capital Outlay Program included only those projects for the completion of life and general safety, removal of architectural barriers to the handicapped for State-supported facilities (using the remaining funds made available by previous bond issues, which are now exhausted), meet the most critical needs for instructional capacity space and provided additional funds to construct the applied arts,

administration, and maintenance complex at the Contra Costa Community College.

Proposed Accomplishments

The 1980-81 budget is designed to continue the removal of architectural barriers to the handicapped for State-supported facilities and to meet the highest priority needs statewide for instructional capacity space. In addition, 1980-81 marks a new era for funding facilities at the 106

campuses statewide. The passage of Proposition 13 virtually eliminated the ability of college districts to provide their traditional matching share of a project as required by existing law. In recognition of this inability, this budget proposes to fund 16 projects in seven districts which represents the most critical needs statewide at a level greater than the level allowed by current law. Funding of these projects is contingent upon legislation to amend the Community College Construction Act of 1967.



Youth and Adult Correctional Agency

(Changes and Accomplishments)

Effective December 20, 1979, the Governor approved Reorganization Plan No. 3 of 1979, creating the Youth and Adult Correctional Agency, in response to Chapter 1252, Statutes of 1977. Consistent with the Plan, when it goes into effect, the organizational units referred to in the plan will no longer report in the Health and Welfare Agency.

The new Agency will provide communication, coordination, and budget and policy direction for the Departments of Corrections and the Youth Authority and the Board of Prison Terms, Youthful Offender Parole Board, Institutional Review Board, Board of Corrections, Correctional Industries Commission, and the Narcotic Addict Evaluation Authority. The Agency Secretary will become the chairperson of the Board of Corrections.

Department of Corrections

The principal programs of the Department of Corrections are the control, care and treatment of persons who have been convicted of serious crimes, or those admitted to the civil narcotic program, and committed to state correctional facilities. The Department's objectives also include supervision of individuals who have been paroled from correctional facilities and returned to the community.

Current Accomplishments

The Department of Corrections is required by statute to accept convicted felons and commit-

ted nonfelon narcotic addicts from California courts when their sentence is imprisonment in a State correctional facility. It is the Department's responsibility to provide safe and secure detention facilities to protect society from further criminal activities and to provide necessary services such as feeding, clothing, medical care, and treatment programs including academic and vocational education, and psychiatric and counseling services. In carrying out this responsibility, the Department operates 12 correctional institutions and three reception centers. In addition, the Department operates a Community Services Program. The primary objective of this program, consistent with the public's safety, is to increase the rate and degree of successful transitions of adult offenders who have been, or who are in the process of being, released to the jurisdiction of the Parole and Community Services Division.

The Parole and Community Services Program currently operates through four parole regions.

Proposed Accomplishments

Current projections for the Department of Corrections forecast a continued increase in the average daily institution population from 23,760 in the current year to 25,040 in the budget year or an increase of 1,280. The Department's proposed budget provides 243.8 new positions and \$14,850,223 for the necessary support services for this increased population.

The average daily caseload for the Parole and Community Services Program is estimated at

16,977 during the budget year, which represents an increase of 860 from the current year. This increase will require 55 positions and \$997,663 above the 1979-80 budgeted level.

Total expenditures in 1980-81 for departmental institutions and camps, federal and local government facilities, and community facilities will include \$364.7 million and 8,661.8 positions.

The Department of Corrections will experience continued population growth during the 1980's. In order adequately and safely to house this increased population, the Department's Capital Outlay Program for fiscal year 1980-81 includes a \$20,000,000 appropriation for the expansion and rehabilitation of existing facilities and \$100,000,000 for the next phase of planning, construction and equipping of new facilities. The Department's 1980-81 construction program also contains \$7,899,203 to cover a number of priority projects including security renovation projects at San Quentin State Prison and Deuel Vocational Institution, Tracy.

Board of Prison Terms

The Board of Prison Terms (formerly known as the Community Release Board) considers parole release and establishes the length and conditions of parole for all persons sentenced to prison under the Indeterminate Sentence Law and reviews the sentences of all determinately sentenced (DSL) prisoners. The Board may recommend to the court that the sentence be reviewed and the prisoner resentenced. The Board also may suspend or revoke the parole of any prisoner who has violated parole. The Board may waive parole for any prisoner and may discharge any prisoner prior to the expiration of the statutory maximum parole period. Upon request of persons determinately sentenced, the Board reviews the length and conditions of parole imposed by the Department of Corrections and the Department's denial of good time credit, and may modify the Department's decision. The Board also advises the Governor on applications for clemency.

Department of Youth Authority

The primary objective of the Youth Authority as stated in Section 1700 of the Welfare and Institutions Code is "to protect society more effectively by substituting for retributive punishment, methods of training and treatment directed toward the correction and rehabilitation of

young persons found guilty of public offenses." The Department carries out this mandate to protect the public by: (1) providing residential and community rehabilitation programs which will help persons committed to the Youth Authority to become useful and productive citizens, and (2) accumulating a body of knowledge relative to the causes of delinquency and the treatment and control of those who engage in illegal behavior.

Current Accomplishments

The Youth Authority's programs for offenders are carried out in ten institutions and six conservation camps. The Institution and Camp Program will provide appropriate care, custody and treatment for 5,106 wards (Average Daily Population) in Fiscal Year 1979-80. In addition, the Department provides post-release services to wards through thirty parole field offices in four parole zones. The average parole population for Fiscal Year 1979-80 is estimated to be 6,315.

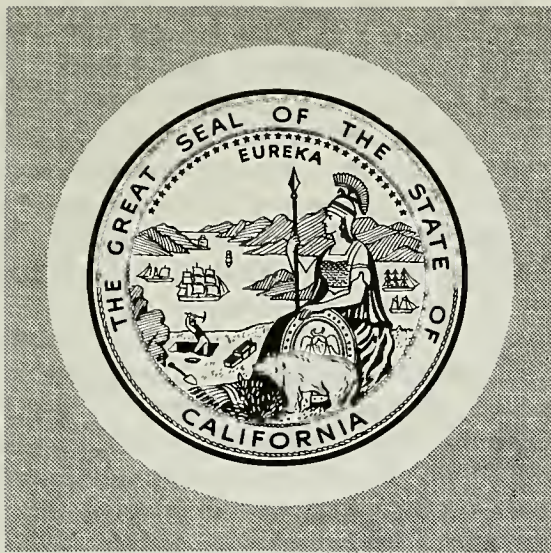
Proposed Accomplishments

The Department of the Youth Authority's average daily institutional population is estimated to be 5,176 for the 1980-81 budget year. This represents a projected increase of 70 persons over current year. The proposed budget provides 11.4 positions and \$268,500 for security and program staff related to this population increase. Average parole caseload is expected to be 6,314 in 1980-81. To carry out its operations, the budget includes \$204.3 million and 4,324.3 positions.

Youth Offender Parole Board

Chapter 860, Statutes of 1979 separated the Youth Authority Board from the Department of Youth Authority and renamed the Board to the Youthful Offender Parole Board. The separation from the Department of the Youth Authority was effective January 1, 1980.

The Youthful Offender Parole Board makes decisions as to persons committed to the Department of the Youth Authority. These decisions involve setting a date for the person's next appearance before the Board; the person's readiness for return to the community on parole; conditions relating to the persons conduct on parole; violation and revocation of parole; return to the committing court for redispotion by the court; and discharge of the person from jurisdiction of the Youth Authority.



The programs within this area include general government departments such as, but not limited to Food and Agriculture, Industrial Relations, Public Utilities Commission and Office of Criminal Justice Planning.

DEPARTMENT OF FOOD AND AGRICULTURE

The Department of Food and Agriculture is responsible for promoting and protecting California agriculture in the interests of public health, safety and welfare.

Proposed Accomplishments

Chapter 308, Statutes of 1978, mandates the Department of Food and Agriculture to prepare a Pesticide Regulatory Program to act as a functional equivalent to a master environmental impact report for pesticide use in California. During the current year only the registration phase of the program will be undertaken within existing resources. The 1980-81 budget proposes \$8.7 million (\$6 million General Fund and \$2.7 million special fund) for county and State full year implementation of this program.

In addition, the Department of Food and Agriculture is proposing six positions to continue efforts in 1980-81 to eradicate hydrilla from Lake Murray and the All-American Canal (\$582,383). The Direct Marketing Program with two positions (\$148,088) is also proposed to alleviate inner city food shortages which are believed to exist due to withdrawal of food stores from troubled communities.

General Government

(Changes and Accomplishments)

DEPARTMENT OF INDUSTRIAL RELATIONS

The objective of the Department of Industrial Relations is to foster, promote and develop the welfare of California's wage earners, to improve their working conditions and to advance their opportunities for profitable employment.

Current Accomplishments

During the current year the Department of Industrial Relations will fully implement both the Hazard Alert System and the Occupational Health Centers. The Hazard Alert System (HALTS) is a repository of current data on toxic materials and harmful agents in use or potentially in use in workplaces throughout the State. Support for this system is budgeted at \$1,082,994 in the current year and \$1,147,564 in the budget year with 50 percent of the support to come from the Federal Government as part of the OSHA grant.

The Occupational Health Centers are a joint activity of the University of California and the Department of Industrial Relations to provide within the University a coordinated, interdisciplinary focus on the health of the worker and the environmental quality of the workplace. Support for the Occupational Health Centers is budgeted at \$2,195,251 in the current year and \$2,322,478 in the budget year.

Reorganization

The Governor's Reorganization Plan No. 1 abolishes the Division of Fair Employment Practices within the Department of Industrial

Relations and creates the Department of Fair Employment and Housing within the State and Consumer Services Agency, and the Fair Employment and Housing Commission within the Department. The Governor's Budget reflects the reorganization in both the current and budget year.

Proposed Accomplishments

In the budget year nineteen positions are proposed to permit the Department to more actively pursue and eradicate problems associated with toxic substances in the workplace. These positions will permit the Department to analyze health data for the worker environment, initiate health inspections of work facilities and establish a 24-hour "hotline" for information necessary to deal with toxic spills. Total cost of the positions will be \$716,487 of which \$314,926 will come from the Federal Government.

To offset workload increases in the Rehabilitation program, 19 positions are proposed. The Department will be seeking legislation to change funding for this program from General Fund to reimbursements. In anticipation of this legislation, the budget reflects funding for the 19 additional positions to be from reimbursements (\$367,619). Funding for the existing program will remain General Fund in the budget to facilitate continuation of this program should the legislation not be enacted before the budget.

PUBLIC UTILITIES COMMISSION

The Public Utilities Commission has been given general authority to regulate the activities of California's utilities including: energy utilities; communications utilities; water utilities; and transportation utilities. The Commission is able to effect its policies through approval/disapproval of operating authorities and rate structures for the utilities. Decisions of the Commission are appealable only to the California Supreme Court unless a provision of Federal Law is at issue.

Proposed Accomplishments

In recent years the growing demand for energy coupled with declining sources of new energy have demanded that the Commission increase its involvement in the formulation and implementation of energy policy and resource conservation. To permit the Commission to provide the

leadership necessary for this critical field the Commission's appropriation from the State Energy Conservation and Development Account in the General Fund will be increased by \$1,724,727 in the budget year. This augmentation provides \$750,000 to permit the Commission to engage consultants when specialized skills are needed and \$974,727 to support 27 positions for a variety of conservation/policy projects.

Pursuant to Chapter 1195, Statutes of 1979, the Commission must develop a transportation energy efficiency plan for California's highway carriers. In the budget year, fifteen positions are proposed to enforce the transportation energy efficiency plan and ensure that every rule, order and decision of the Commission is compatible with the provisions of such plan. Support for these fifteen positions is budgeted from the Transportation Rate Fund (\$376,036) and the proposed Energy and Resources Fund (\$125,346) for which legislation is being sought.

OFFICE OF CRIMINAL JUSTICE PLANNING

The Office of Criminal Justice Planning provides staff support to the California Council on Criminal Justice; coordinates planning efforts by private, State and local agencies in the criminal justice system; and administers federally-funded grants to those agencies in accordance with the plans developed under Federal and State guidelines.

Proposed Accomplishments

A major General Fund local assistance program, the Career Criminal Prosecution Program, will be continued with an increased level of funding but with a ten percent match requirement from grant recipients. This program has been highly effective in aiding District Attorneys in their prosecution efforts.

As a result of new legislation (SB 383, 1979 Legislative Session), a new program of local assistance will begin distributing \$3 million from the Indemnity Fund to local centers providing assistance to victims and witnesses of crimes.

CALIFORNIA FISCAL INFORMATION SYSTEM (CFIS)

In the 1978-79 fiscal year, the Department of Finance implemented the development of the California Fiscal Information System in order to meet the State's high-level fiscal information needs.

Subsequently, the Legislature enacted Assembly Bill 3322 (Chapter 1284, Statutes of 1978) to require changes in the State's budgeting and accounting systems, and the establishment of an on-line fiscal information system. The CFIS Task Force was formed within the Department to develop CFIS and to implement the other requirements of AB 3322. The California Fiscal Advisory Board (CFAB), established pursuant to AB 3322, has been designated as the CFIS Advisory Committee. CFAB is responsible for monitoring and advising the legislative and executive branches on the implementation of AB 3322. As advisor to CFIS, CFAB will review such policy issues as the selection of CFIS software vendors, the level and extent of detail of CFIS information, placement of CFIS terminals, and access to CFIS data, etc.

The California Fiscal Advisory Board consists of the Chairmen of the Senate Finance and Assembly Ways and Means Committees, the Chairman of the Joint Legislative Budget Committee, the Chairman of the Joint Legislative Audit Committee, the State Treasurer, the State Controller, and the Director of Finance, who is the chairperson of the Board. In addition to its advisory and policy review role for CFIS, the board is responsible for the review of the basis of the State's accounting. The board shall also recommend any further legislation that may be necessary to achieve the objectives expressed in AB 3322.

CFIS will make available to Legislative and Executive Branch decision-makers a computerized on-line system providing information on the State's revenues, expenditures and performance measures. CFIS will provide information in graphic and tabular form, and will provide the means to simulate expenditures, forecast revenues and compare program activities.

Current Accomplishments

The development of CFIS and related changes in the State's budgeting and accounting systems are planned over several years, with specific accomplishments planned each year. The computer software for CFIS has now been acquired, and is being installed at the Teale Data Center. Data base files are being established which will provide interim data from the first eight departments as well as other selected information useful to decision-makers.

Interim CFIS will provide information on:

- Eight department's revenues, expenditures, and performance measures (CSUC, CALTRANS, EDD, Education, Health Services, Motor Vehicles, Social Services and Water Resources).
- General Fund cash flow receipts and disbursements from July 1974 to present.
- Budgeted and actual expenditures for Local Government Fiscal Relief, Property Tax Relief, Shared Revenues, and State-Mandated Local Programs.
- Federal authorizations, receipts, disbursements, and authorizations yet to be received.
- Legislation in process, including author, subject by CFIS Statewide Program Structure, description, and applicable revenue and cost estimates by the Department of Finance and the Legislative Analyst's Office.
- Budget administration for the current fiscal year, including appropriations, augmentations and revised plans.
- Governor's Budget and Budget Bill, including changes made by each House and the Conference Committee in program and line item detail.
- Historical data, including five years of actual revenues, expenditures, and personnel-year data for all departments and most funds. Selected summary data will be available for longer time periods.
- Economic data, including selected U.S. and California time series.
- Revenue models and data for revenue forecasting.
- Positions, including authorized positions and personnel-year equivalents, and actual usage.

Twenty-four video-graphics terminals have now been installed and training sessions are being conducted for Interim CFIS users (staff from Finance, State Controller, State Treasurer, the eight departments, and the Legislature).

The Program Evaluation Unit, Department of Finance, has identified and started the collection of performance measures for the first eight departments to be in CFIS, and work has been started to identify measures for the programs of 35 additional departments. A Statewide Program Structure has been devised which will re-

late departmental program data by statewide programs based on common objectives.

A "Request for Proposal" has been issued to solicit proposals to satisfy the needs for the Standard and Institution Accounting Systems. Vendor selection is anticipated in March 1980. Changes required in the State Controller's Fiscal System have been defined and a contract awarded to implement these changes.

Proposed Accomplishments

In the budget year, the Standard and Institution Accounting Systems will be developed and implementation started for 12 departments and selected institutions. Modifications to the accounting systems of the eight departments will be undertaken to meet final CFIS design requirements. Development of the State Controller's Fiscal System will be continued in the budget year, and modifications to the State's Payroll System will be undertaken to conform to the new common codes. The State Treasurer's systems will be modified in the budget year to accommodate the same standard coding scheme as other State systems.

Part of the California Fiscal Information System implementation includes changes to the format of the Governor's Budget and the Budget Bill beginning in 1981-82. These changes are the first format revision of the Governor's Budget and the Budget Bill to occur in many years, and the first ever to specifically address the compatibility of the Governor's Budget and Budget Bill. Changes currently under consideration will be finalized and implemented during the budget year.

Funding is proposed to establish four positions in the Program Evaluation Unit, Department of Finance, for the refinement, maintenance and utilization of performance data previously identified for collection from the eight departments. Existing Finance staff will continue to identify and collect performance measures for 35 departments.

TAX RELIEF

Tax relief expenditures total approximately \$1.3 billion in the budget year. The following is a discussion of tax relief programs that were substantially changed during 1979.

Personal Property Tax Relief\$466,725,000

Chapter 1150, Statutes of 1979, totally exempted business inventories and livestock from the property tax and changed the method for reimbursement to local government beginning in the budget year. Reimbursements will be based on 1979-80 reimbursements increased by the change in the California Consumer Price Index and population. This will increase budget year costs by \$175 million.

Renters' Tax Relief.....\$418,000,000

Chapter 1207 (AB 1151) increased the renters' credit from \$37 per year to \$137 for married couples, heads of household, and surviving spouses. For single individuals, the credit is increased to \$60 per year. This will return an additional \$228 million to renters during 1979-80 and \$248 million will be returned during 1980-81.

SHARED REVENUES

The primary objective of the Shared Revenue program is to provide an efficient method for collecting a portion of the necessary revenues to fund local services. During 1980-81 about \$1.3 billion will be collected by the State and distributed to local government.

The following are the significant changes to this program during 1979.

Financial Aid to Local Agencies....\$63,000,000

Chapter 1150, Statutes of 1979, provided that the revenue attributable to the tax rate imposed on banks and financial corporations in excess of the general tax rate on corporations is deposited in the Financial Aid to Local Agencies Fund. Allocations from this fund are made to cities and counties based on population and AFDC caseload. This tax was previously a General Fund revenue source. Appropriations are estimated to be \$29 million in the current year and \$63 million in the budget year.

State-Mandated Local Programs

(Changes and Accomplishments)

History

An early effort to limit rapidly increasing property taxes was the enactment of Chapter 1406, Statutes of 1972 (SB 90). That legislation established maximum property tax rates, which was intended to limit the amounts collected by local government and, at the same time, required the State to reimburse local government for the costs of any state-mandated programs. Initially, such reimbursement was limited to the costs of legislative acts enacted after January 1, 1973. However, cities, counties and special districts were also entitled to reimbursement of costs resulting from the issuance of executive regulations after that date; school districts were specifically excluded from that entitlement.

As the Legislature considered bills during the 1973-74 Session, it began to provide interpretations of which types of state actions constituted state mandated programs whose costs were to be reimbursed by the State. It did this by including policy statements in certain legislation indicating that such legislation did not qualify for reimbursement of its costs because it was outside the scope of the programs which the legislation previously committed the state to reimbursing. In addition, the Legislature also occasionally included language in bills stating that while a bill's costs were technically reimbursable, the bill would be exempted from the reimbursement requirements of SB 90.

In the years since 1972, a number of modifications to the original SB 90 have been enacted. These modifications have generally served to broaden the scope of activities which qualify for state reimbursement and to simplify the processes for obtaining that reimbursement. For example, school districts have been made eligible for reimbursement of costs incurred as the result of the issuance of executive regulations after January 1, 1978. The State Board of Control has been empowered to accept and arbitrate claims from local governments based on executive regu-

lations. That authority has been expanded to include claims based on actions of the Legislature.

Operations

Since the institution of the reimbursement program in 1973 many bills have been enacted which have provided funds for local governmental entities for costs incurred because of state mandates. For these programs, the State Controller is responsible for developing parameters and guidelines for payment of claims against the specific Statutes. In the event that there are insufficient funds to pay all of the claims, additional funds are requested from the Legislature through an omnibus claims bill. The Department of Finance makes available to the Controller copies of the mandate cost estimates prepared by the Local Mandate Unit to insure that his office will have the benefit of as much information as possible relating to mandate policy and cost as considered by the Legislature.

After the passage of original SB 90 legislation, the Legislature developed a series of disclaimers to limit the State's liability for costs incurred by local governmental entities in complying with mandates. The disclaimers, as originally utilized, were to declare legislative intent that for a specified reason the State was not electing to reimburse a particular legislative enactment or program. These specified reasons, or disclaimers, became formalized as follows:

1. Court mandates
2. Federal mandates
3. Initiative enactment
4. Local requests
5. No new duties
6. Subsequent executive orders
7. Nonreimbursable revenue loss
8. Technical change
9. General legislative
10. No additional cost
11. Crimes and infractions

12. Cost-savings
13. Normal operating procedures
14. Self-financing authority
15. Minor cost
16. No first-year cost

However, the enactment of Chapter 1135, Statutes of 1977, significantly reduced the effectiveness of these disclaimers and now the Board of Control can accept virtually all claims regardless of whether there is a legislatively approved disclaimer. This law change has the net effect of denying the Legislature an opportunity to evaluate the fiscal and/or mandate aspects of a bill and make a determination of whether the State or Local Government should most appropriately pay for a particular piece of legislation.

Once the Board of Control has determined that a chaptered bill contains a state mandate, unless the legislation contains specific instructions or describes precisely what the bill expects of local government, the Board of Control, by law, is required to conduct public hearings and adopt parameters and guidelines. The purpose of the parameters and guidelines is to enable both the Controller and the claimants to utilize common criteria for evaluating cost elements in the claims/payment process. Comments for the hearing are solicited from the claimants, Department of Finance, other interested or affected entities and the Board staff.

Section 6 of Proposition 4 (the Gann Initiative) which was approved by the voters at the November 7, 1979 election reads as follows:

"Sec. 6. Whenever the Legislature or any State agency mandates a new program or higher level of service on any local government, the State shall provide a subvention of funds to reimburse such local government for the costs of such program or increased level of service, except that the Legislature may, but need not, provide such subvention of funds for the following mandates:

(a) Legislative mandates requested by the local agency affected:

(b) Legislation defining a new crime or changing an existing definition of a crime; or

(c) Legislative mandates enacted prior to January 1, 1975, or executive orders or regulations initially implementing Legislation enacted prior to January 1, 1975."

The effect of this constitutional amendment is to elevate this program of reimbursing state-

mandated costs to a constitutional, rather than statutory requirement. It should be noted, however, that the Initiative is silent on the issue of reimbursing property, sales and use tax losses which result from state legislation.

Problems and Issues

From the standpoint of local government, there is a continuing concern about the Board of Control and legislative action on mandated costs claimed through the Board of Control process. That is, a statute may impose a requirement on local government without the fiscal resources (appropriation) to reimburse them to implement the requirement. Without those resources local government must utilize the claims process and hope that the Board of Control will declare that the statute mandates a duty and agrees, further, that costs have been incurred and are reimbursable by the State. The second hurdle in this process arises when the Board of Control sponsored claims bill is considered by the Legislature. There is no guarantee the claims will be approved.

Another concern of local government is the time elapsed between the point when costs are incurred and a warrant is received from the State. This time-frame may be as long as one and one-half years from the date of implementation to the receipt of the reimbursement.

Further, local government is also interested in the degree of detail and personnel time involved in the claims preparation, presentation and follow-up activities in the Board of Control process.

The State generally agrees with the problems identified by local government and, in addition, has recognized several other problems in connection with the administration of this program. These are:

(1) The State is without the authority to recoup or offset savings or program reductions mandated on local government. For example, recent legislation transferred the mailing of election materials to voters from local government to the Secretary of State. This shift created a savings to local government of approximately \$1.3 million. There is no way, under the SB 90 law, to reflect this windfall savings to local government as an offset against the State's costs. In addition, Chapter 491/79 which allows local government to exempt certain employee com-

pensation from social security computations could save local government over \$30 million annually.

(2) There appears to be a lack of a defined process for evaluating the need to continue previously mandated activities, i.e., the absence of a "sunset provision" in mandated legislation.

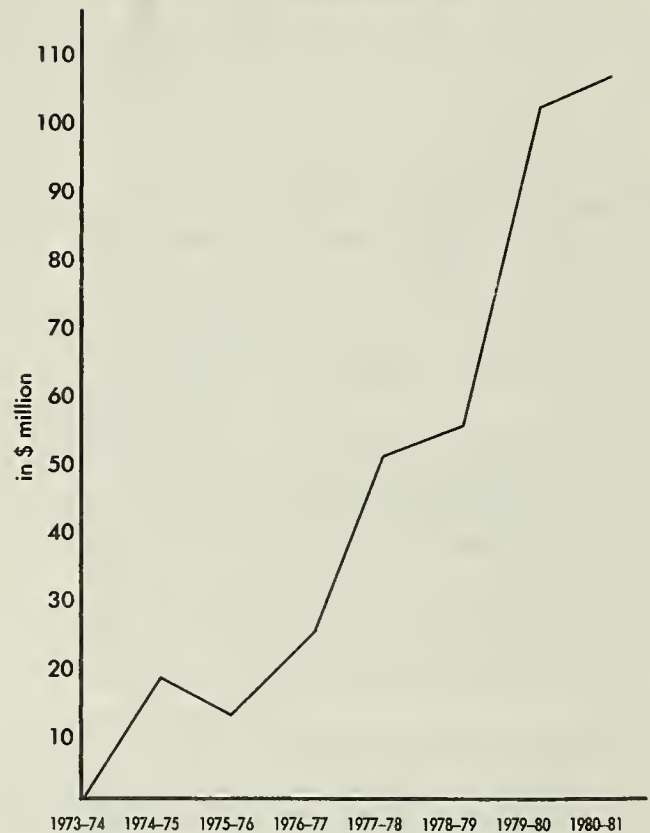
(3) Still another problem is legislation which, during its passage through the Legislature, is alleged to contain no mandate, to have no cost, to have offsetting cost/savings or otherwise to have no fiscal impact on local government, yet later the Board of Control determines the legislation contains a mandate and, perhaps, costs as well. Four recent awards by that Board based on Chapters 89 and 1398/74 (retirement credit for unused sick leave of school district employees), Chapter 593/75 (jury duty for teachers) and Chapter 961/75 (collective bargaining in schools) are estimated to have an annual ongoing cost of approximately \$29 million.

Program Growth

While there are a number of other problems which should be resolved in order to improve this program, of primary concern is the significant growth of this program since its inception and implementation in 1973. As depicted in the following chart, state expenditures have grown from \$2.9 million in 1973-74 to \$106.2 million (exclusive of \$64.2 in non-recurring expenditures) in 1980-81.

The rate of increase in this program will be governed by future legislation and by the way in which the Legislature views the relationship between state and local government with respect to that legislation. One of the objectives of this presentation is to afford the Legislature an opportunity to be fully aware of the cumulative effect of mandate legislation on the fiscal resources of the State and Local Government. Further, this display will serve to point out the need for remedial legislation to correct some of these problems.

State Mandated Local Programs Expenditures



State Mandated Local Programs—1980-81 Governor's Budget

The State-Mandated Local Programs budget was presented separately for the first time in the 1979-80 Governor's Budget as a means of identifying, on a cumulative basis, those mandated programs for which state funding is provided. The budget is presented in two elements: first, those mandated programs which are reflected within the budgets of state agencies with administrative responsibility for the affected programs; and, second, those mandated programs which do not fall within the jurisdiction of any state agency or which involve unique funding issues and/or problem areas.

State Construction Programs

(Changes and Accomplishments)

Capital outlay construction is divided into several programs of which the most encompassing is the State Building Program. This program includes proposed capital outlay requirements for publicly supported higher education, mental health, developmental services, corrections, and general office space. It also provides for meeting the requirements of several Departments, including Forestry, Fish and Game, Motor Vehicles, California Highway Patrol, State Highway Program, and the Department of General Services.

The sources from which the capital outlay program is funded are:

1. Current revenues and any accumulated balances in governmental cost funds including moneys collected in the form of taxes, license and permit fees, interest on investment, and similar items of income.
2. Proceeds from the sale of general obligation bonds secured by the "full faith and credit" of the State. Outstanding bonds of this kind include (a) State Construction Program bonds, and (b) State Beach, Park, Recreational, and Historical Facilities bonds. The repayment of principal and interest on such indebtedness constitutes a preferred claim on the financial resources of the State. Within this classification falls a special category referred to as "self-liquidating" bonds. Bonds in this category are the California Water Resources Development bonds. In the case of this special grouping, such bonds although legally possessed by the characteristics of general obligation bonds are serviced from the revenues produced by the ventures or projects financed in this manner.
3. Revenue bonds that are secured solely by the income derived from the use of operation of the facilities thus funded.
4. Trust certificates representing a form of capital financing which makes use of the large balances accumulated in trust accounts or funds of the State. Because such

funds are dedicated to meet future obligations, sound fiscal management dictates the investment of the currently unneeded cash in these accounts and funds. One way of investing these moneys is to purchase trust certificates issued by the State for the construction of general purpose office buildings.

5. Funding for all education capital outlay is from three sources: (1) the Capital Outlay Fund for Public Higher Education; (2) proceeds from the sale of Health Science Facilities Construction Program Bonds; and (3) a newly proposed Energy and Resources Fund. All expenditures from these funds will be appropriated through the annual Budget Bill.

To provide a complete and comprehensive picture of the State's capital outlay program, all proposed projects are included in the capital outlay budget regardless of the source of financing.

Following the generally accepted principles of governmental accounting, however, only expenditures from governmental cost funds are included in the budget totals. Governmental cost fund along with selected bond fund expenditures are included in the overall expenditure totals. Expenditures from bond proceeds and other forms of borrowing are reported as expenditures of the fiscal years in which the payments on principal and interest are made.

The Department of Food and Agriculture's 1980-81 capital outlay program provides \$565,200 for construction of a new inspection station at Long Valley, \$80,305 for the remodelling of facilities related to the Pesticide Regulatory Program, an additional \$76,835 of construction funds for the Phase I Truckee Inspection Station project, and planning funds in the amount of \$61,721 for Phase II of the Truckee project.

The Wildlife Conservation Program, as administered by the Department of Fish and Game and the Wildlife Conservation Board, provides for the protection, propagation, and management of the State's fish and wildlife resources.

The State, Urban, and Coastal Park Bond Act as approved by the voters in November 1976, makes \$15,000,000 available to the Wildlife Conservation Board for acquisition and general development. In 1980-81 these funds will continue to be allocated for this expanded program. In addition, the *Department of Fish and Game's capital outlay budget* includes \$5,807,320 which is principally for modernization and expansion of fish hatcheries and the restoration and development of wetlands.

The Department of Parks and Recreation's Acquisition and Development Program reflects the continuing effort to meet California's recreational needs. The 1980-81 budget for this program includes \$6.7 million for acquisition of new lands for the State Park System. These projects will be funded from the State Park and Recreation Fund and the State Urban and Coastal Park Bond Fund.

The 1980-81 budget for facilities development includes \$15.5 million in major and minor capital outlay projects. These funds will create or improve the facilities in 19 park units.

The Division of Exposition and State Fair's Construction Program includes \$525,000 for various minor capital outlay improvements and \$330,000 to complete the interior of Buildings A and B in order to improve their year-round usability.

The Department of General Services 1980-81 Capital Outlay Program proposes total expenditures of over \$48.9 million of which \$37.2 million is for the continuation of new State building projects for which funds were reserved. Specifically, construction funds are budgeted for Site 1-C in Sacramento and for the Van Nuys office building and parking garage. Funds for working drawings are proposed for the San Francisco and Oakland buildings.

Given the current fiscal situation and the limited reserve for capital outlay, the Administration is reevaluating the original State Office Building Program prior to the commitment of additional funds. Additionally, the Administration is reviewing the alternative of proceeding with other projects in the State Building Program using a lease-with-option-to-purchase plan.

The budget also provides \$9.6 million to correct fire and life safety code deficiencies in State-owned high-rise buildings. Also included are

new funds, \$1 million, for small energy retrofit projects in various State buildings. The Administration believes these projects to be cost beneficial in terms of cost avoidance for energy costs and the conservation of scarce resources.

The Department of Motor Vehicles proposed capital outlay budget includes \$7.1 million for the construction of new office buildings at Compton, Los Angeles (Southern Headquarters), Vallejo, Concord, and Victorville. In addition, \$2.6 million is proposed for site acquisition and working drawings for office buildings at Mission Viejo and San Jose.

The Department of the California Highway Patrol Capital Outlay budget includes \$1.1 million for minor capital outlay improvements and \$1.5 million for the construction of new area offices at Hollister-Gilroy and Santa Barbara; \$2.3 million for the purchase of leased facilities at Sacramento, Buellton, Contra Costa, Hayward, and Santa Ana; and \$1.2 million for site acquisition and working drawings at Arrowhead, San Andreas, Trinity River, Lakeport, and Dublin.

The Department of Corrections is experiencing continued population growth. In order to adequately and safely house this increased population, the Department's Capital Outlay Program for Fiscal Year 1980-81 includes a \$20,000,000 appropriation for the expansion and rehabilitation of existing facilities and \$100,000,000 for the next phase of planning, construction, and equipping of new facilities. The Department's 1980-81 construction program also contains \$7,899,203 to cover a number of priority projects including security renovation projects at San Quentin State Prison and Deuel Vocational Institution, Tracy.

The Department of Developmental Services' capital outlay program of \$119,911,745 for the current year and \$70,358,183 in the budget year proposes \$114,359,067 and \$57,051,573 respectively for fire and life safety and environmental improvements in the nine State hospitals. These amounts represent the 1979-80 and 1980-81 increments necessary to assure all clients in State hospitals operated by the Department of Developmental Services reside in code conforming buildings by July 1982. Federal certification has been granted based upon the Department's commitment to meet the deadline for the projected July 1982 population of 7,620 clients.

The 1980-81 budget also includes \$18,641,853 for capital outlay for two State hospitals operated by the Department of Mental Health. These funds will continue the program of Fire and Life Safety improvements and will include \$4,145,000 of projects related to the more efficient use of energy. Details of the Administration's commitment of resources to energy projects are given in the Energy Conservation/

Alternatives and Resources Management page A13.

The Department of the Youth Authority's Capital Outlay Program of \$1,992,525 for the 1980-81 fiscal year covers a number of priority projects, including \$1,514,825 for the replacement of the security sound system at various Youth Authority Institutions.



Tax Expenditures

Traditionally, budgets reflect only those expenditures which are appropriated. A tax expenditure, on the other hand, is a revenue reduction that occurs as a result of an exemption, exclusion, deduction, tax deferral, credit or preferential rate. Such revenue losses are similar to payments made by government except that they are made through a reduction in taxes rather than through the legislative appropriation process. Tax expenditures are less visible than appropriations, and are not subject to annual review as are budgeted items. Furthermore, the Legislature can enact a tax expenditure by a simple majority vote, whereas an appropriation requires a two-thirds vote.

Tax expenditures may be enacted to achieve a social or economic goal, or may serve no purpose except to relieve certain taxpayers of tax liability and thus can be termed "tax loopholes." Unlike legislative appropriations, a tax expenditure is usually not reviewed unless (1) it has received unfavorable publicity, as with the oil depletion allowance; (2) the Federal law affecting similar provisions has been changed; or (3) the law enacting the tax expenditure has a provision that causes the tax expenditure to expire on a given date or event. Most tax expenditures, however, are added to the tax code for an indefinite period. Little attention is given as to whether or not the stated objective for the tax expenditure has been attained or priorities changed after a period of time.

Tax expenditures provide relief in the following ways:

1. Special exclusions, exemptions and deductions, which reduce the amount of taxable income and therefore result in a lower amount of tax.
2. Preferential rates, which reduce taxes by providing a lower tax rate on similar activities.
3. Special credits, which are subtracted from the actual taxes due.
4. Deferral of tax, which generally results from allowing, in the current year, deduc-

tions that are properly attributable to a future year.

The total value of all tax expenditures is unknown, although it is in excess of \$10 billion. Some items cannot be estimated even roughly due to inadequate information. In addition, there is still a difference of opinion over what constitutes tax expenditures. Beyond this, however, are additional complicating factors. For example, tax expenditure estimates cannot simply be added together to produce a grand total: the revenue gain resulting from the deletion of two tax expenditure items could be greater than the sum of the two estimates. As an illustration of this situation, taxing interest income from State and local government securities and capital gains at ordinary rates would push many individuals into tax brackets higher than if just one of these sources of income became fully taxable. The combined effect on revenue would be greater than the total of separate estimates.

Conversely, there are expenditures that, when lumped together, produce a smaller revenue gain than the sum of the individual estimates. If the deductibility of mortgage interest payments and homeowner property taxes were both repealed while the standard deduction remained unchanged, many individuals who now itemize would opt for the standard deduction, thus limiting the revenue gain.

As in prior years, it is recommended that certain tax expenditure provisions be given expiration dates so that they can be analyzed under the budgetary procedure in the same manner as direct expenditures. This analysis could consider the revenue impact of special provisions, and the importance and priority of the benefits provided. The Legislature would determine (1) whether the tax provision still serves a valid purpose; and (2) whether the public benefit generated exceeds the cost. Tax expenditure items which meet these three tests should be retained as part of California's tax system. Ineffective and outdated provisions, on the other hand should be repealed.

INHERITANCE AND GIFT TAXES

Each tax expenditure review in the Governor's Budget includes a more detailed discussion of one particular area. In the past, income, sales, personal, corporation, and property taxes have been covered. The inheritance and gift taxes are the last major General Fund tax source which will be considered.

California's first Inheritance Tax Law was adopted in 1853 and lasted one year. A new law was enacted in 1893 and substantially modified in 1905. While there have been many modifications over the years, the general structure of the law has not changed. It is a tax on the right to succeed to property transferred at death.

The imposition of the inheritance tax appears to have been based in the doctrine that unearned wealth may be taxed more readily than earned income. It has also been suggested that the desire to achieve gradual redistribution of wealth to decrease income inequality underlay the original tax concept. Over time, the inheritance tax has become the fourth largest source of General Fund revenue for the State, although it remains one of the least reviewed, or considered, taxes in a typical legislative year. The inheritance tax is expected to yield \$551.3 million in 1980-81, equal to 3 percent of General Fund revenue.

Various exemptions, deductions, exclusions, and credits have been added since 1893. The widely used exemption for charitable transfers initially surfaced in 1897. The credit for previously taxed property was put into effect in 1921. The exclusion for the proceeds of life insurance policies was enacted in 1935, and that for public pensions in 1956. In 1961, the wife's community property was extended to all community property passing to a surviving wife. In 1967, the exemption for transfers to unrelated beneficiaries was increased from \$50 to \$300, and the specific exemption for aunts, uncles, and cousins was reduced from \$500 to \$300. In the same year, beneficiary classes were condensed. In 1976, the distinctions between community, quasi-community, and separate property were eliminated and the specific exemption for surviving spouses was increased from \$5,000 to \$60,000. Today, there is no distinction between widow and widower for inheritance tax purposes.

The inheritance tax is based on the market value of the property being transferred after any

legal debts or other obligations have been met. Taxable property includes all real and tangible personal property in the State whether or not the decedent was a resident of California. Intangible personal property such as stocks and bonds are included in the estates of California residents only.

A progressive rate schedule, which varies according to the relationship of the beneficiary to the decedent, is applied to the taxable base. Class A beneficiaries, which include widows and widowers, minor and adult children, grandchildren, parents, grandparents and mutually acknowledged children and descendants, receive the highest exemption from taxation, and the lowest tax rate. Class B beneficiaries are brothers and sisters and descendants thereof, inlaws, the wife or widow of a son, daughters or sons-in-law, and the husband or widower of a daughter. Class C beneficiaries are strangers in blood and relationships not otherwise specified. The different tax rates for each class are shown in Table I.

Beneficiaries who are more closely related to the decedent are given preferential treatment, with tax liability computed from a more lenient rate schedule. It may be argued that the rate schedules for all but Class C beneficiaries represent a significant tax expenditure; it is estimated that in 1980-81 an additional \$493 million in revenue could be obtained by applying Schedule C rates uniformly to all beneficiaries. Obviously, however, few if any would recommend application of Class C rates to a spouse or child. In the event only one rate were to be established for any beneficiary regardless of relationship it is almost certain that it would lie somewhere between the extremes shown in the preceding table. In effect, then, the tax expenditure is considerably smaller than would appear at first.

Exemptions

In addition to the variable rate schedules, beneficiaries are eligible for specific exemptions which are deducted from the lowest tax brackets. The balance of the estate is taxed at the same higher rates as though the exemptions had not been subtracted. The amount of the exemption is reduced as the beneficiary class becomes further removed from the immediate family. The Table II shows the size of exemption by beneficiary and class, and the estimated 1980-81 tax expenditure attributable to each.

TABLE I

CLASSIFICATION	up to \$25,000	\$25,000 to \$50,000	\$50,000 to \$100,000	\$100,000 to \$200,000	\$200,000 to \$300,000	\$300,000 to \$400,000	Over \$400,000
Husband or Wife One half of community property quasi-community property or decedent's separate property			Rate of tax on amount left after deducting exemption from \$100,000 6%	8%	10%	12%	14%
Minor Child (Includes Adopted)	Rate of tax on amount left after deducting exemption from \$25,000						
Adult Child, Grandchild, Parent, Grandparent (Relationship may be by Blood or Adoption)		4%	6%	8%	10%	12%	14%
Mutually Acknowledged Child Descendant of Mutually Acknowledged Child		3%					
Brother, Sister (excludes Brothers and Sisters-in-law) Descendant of Brother or Sister (Includes Descendant by Adoption) Wife or Widow of Son, Husband or Widower of Daughter	Rate of tax on amount left after deducting exemption from \$25,000 6%	10%	12%	14%	16%	18%	20%
Strongers in Blood and Relationships not Specified Above	Rate of tax on amount left after deducting exemption from \$25,000 10%	14%	16%	18%	20%	22%	24%

TABLE II

Class of Beneficiary	Special Exemption	Estimated 1980-81 Tax Expenditure due to Exemption (In millions)
Husband or Wife One-half of community property quasi-community property or decedent's separate property	\$60,000	\$16.7
Minor Child (Includes Adopted)	12,000	.3
Adult Child, Grandchild, Parent, Grandparent (Relationship may be by Blood or Adoption) Mutually Acknowledged Child Descendant of Mutually Acknowledged Child	5,000	8.0
Brother, Sister (excludes Brothers and Sisters-in-law) Descendant of Brother or Sister (Includes Descendant by Adoption) Wife or Widow of Son, Husband or Widower of Daughter	2,000	3.8
Strongers in Blood and Relationships not Specified Above	300	.9
TOTAL		\$29.7

Exclusions

Exclusions also reduce the taxable estate. The reduction is made in the amount taxable in the highest tax rate brackets by diminishing the total amount subject to tax. There are four major areas of exclusion: community and separate property, certain insurance proceeds, bequests to charities, and benefits from public retirement systems.

Insurance. Specified types of insurance payable to a named beneficiary, other than the decedent's estate, is excluded up to \$50,000.

When the \$50,000 insurance exclusion was originally added to the law in 1935, it conformed to substantially similar provisions of the Federal estate tax law. In 1942, however, the Federal insurance exemption was repealed: the insurance exclusion provisions of the State inheritance tax law can therefore no longer be justified on the basis of Federal conformity. The insurance exclusion does provide some ease to the recipient in that it enables the State Controller's Office to release insurance proceeds up to a stated amount without first determining the inheritance tax due, if any. The exclusion also provides a benefit to the insurance industry, by encouraging policy sales.

It has been estimated that this exclusion will result in a \$7.5 million tax expenditure in 1980-81.

Charities. The inheritance tax law excludes from the tax all property transferred to certain governmental bodies or to qualified charitable institutions, and property transferred in trust for charitable purposes. The purpose of the exclusion is to aid certain organizations which provide benefits which are of greater value than would be their tax contributions. The charitable exclusion is in conformity with similar provisions of the Federal estate tax law.

This exemption will result in a 1980-81 tax expenditure of \$97 million.

Public Pensions. In 1956, legislation was enacted excluding from the inheritance tax all transfers of benefits accruing under any public retirement system. The courts have interpreted the pension exclusion provisions as applying to benefits paid under Federal as well as State and local retirement systems.

The revenue loss in 1980-81 attributable to this exclusion is estimated at \$200,000.

Miscellaneous Exclusions. In addition to the above, transfers to dependents of servicemen who die as a result of service-connected disease or injury suffered in U.S. military service in World War II or the Vietnam War are excluded. Intangible personal property of a decedent residing at the time of his death in another state is also excluded, as such property is taxed by the state of residence. The revenue loss from these exclusions is unknown.

Inter-spousal Transfers

California law provides three separate procedures which reduce the taxes on transfers to surviving spouses.

In addition to the \$60,000 specific exemption, the law currently provides that a surviving spouse is entitled to an exclusion equal to one-half the value of all community property. This treatment is not considered a tax expenditure, because, by definition, one-half of the property already belonged to the surviving spouse. Prior to 1976, all interspousal transfers of community property were excluded from the inheritance tax. In that year legislation was enacted which provided that one-half interest in community property transferred to anyone would be subject to the tax.

One-half of the decedent's separate property—property owned prior to marriage, or acquired afterwards by gift, bequest or descent is excluded from an estate if left to a spouse. Prior to 1976, one-half the value of the decedents separate property transferred to the surviving spouse was "exempt" from the inheritance tax. Legislation subsequently provided that one-half of the separate property transferring to the spouse would be "excluded" from the tax. This change was adopted to eliminate the expensive process of tracing property to determine whether it was of community or separate origin.

It is interesting to note that in 1973-74, surviving spouses paid only 6.7 percent of the total inheritance tax collected, although 33.6 percent of the market value of estates was left to spouses.

Considerations

a. Charities

It is recommended that the Legislature study the feasibility of limiting the charitable exemption to charities which operate within the State of California. Tax expenditures are subsidies provided by all taxpayers. Organizations which qualify for this exemption and operate outside the State do not provide a benefit enjoyed by the California taxpayer; it is therefore questionable whether out-of-state charities should receive special tax treatment.

b. Life Insurance

It is recommended that the Legislature review the life insurance exclusion. Current law does not treat life insurance on the same basis as other personal property. In many cases, the exclusion acts to increase the personal exemption. For example, a child inheriting \$50,000 in cash pays \$1,600 in inheritance taxes, while another child who inherits the same amount through an insurance policy pays no tax. A similar provision in the Federal estate tax law was repealed in 1942.

c. Interspousal Transfers

The Legislature should review the existing tax rates and specific exemption for interspousal transfers. The current rate of inflation and increased value of property has shifted the tax burden to the middle sized transfers to surviving spouses, who until recently had never had a tax liability. Prior to 1976, a surviving spouse would have received all community property tax free, half the separate property, plus an additional \$5,000. The 1976 Statute provided the surviving spouse with an exclusion equal to half of all community property, half of all separate property left to the spouse and a \$60,000 exemption. Thus an estate consisting of \$200,000 in community property, when left to the spouse, would have been tax free prior to 1976. Now, that spouse would incur a tax of \$2,400. A re-

cent study of inheritance tax reports by the Department of Finance indicates that property of medium sized transfers are generally community property.

Summary of Identifiable Tax Expenditures

Although it may not be completely accurate to add the individual tax expenditures because of the interactive effects noted earlier, such an accumulation does give some measure of the total revenue foregone. A summary of the amount of identifiable tax expenditures by major tax is shown below:

IDENTIFIABLE TAX EXPENDITURES 1980-81

(In billions)

Personal income taxes	\$3.8
Retail sales and use taxes	2.1
Inheritance Tax	0.6
Bank and corporation tax	0.2
Motor vehicle fuel taxes	0.1
Insurance tax	a
Horse racing	a
Total State tax expenditures	\$6.8

^a Less than \$50 million.

Sales and Use Tax (In millions)

Sales tax expenditures:

To be consumed at home	\$950
Candy	50
Vending machines—33% provision	13
Gas, electricity, and water	605
Vessels and aircraft	215
Cargo and returnable containers	115
Prescription medicines	69
Newspapers and periodicals	28
Leases of motion pictures	23
Option to pay on cost rather than rental receipts	15
Sales by charitable organizations	3
Master tapes	2
Vending machine operators	2
Optometrists and podiatrists	2
Hot food sold to airlines	1

Bank and Corporation Tax (In millions)

Exploration and development expenses	\$43
Accelerated depreciation	38
Research and experimental expenses	21
Exempt corporations (from minimum tax only)	14
Charitable contributions	11
Solar energy devices	11
Depreciation of low-income rental housing	6
Exemption from preference tax	6
Percentage depletion	5
Bad debt reserves	4
Certain agriculture costs	2
Pollution equipment	1

Personal Income Tax (In millions)

Interest expense	\$880
Personal and dependent credit	520
Property, sales, and vehicle taxes	250
Capital gains exclusion	380
Charitable contributions	230
Trade & business expense, union dues and miscellaneous	210
Employer contributions to pension plans	140
Medical expenses	140
Head of household status	120
Employer contributions to health plans	125
Employee business expense	100
Standard deduction	100
Income averaging	85
Social Security Income	60
Capital gains on death	55
Interest on government bonds	50
Expensing of certain agricultural costs	40
Compensation for injuries or sickness	32
Low income credit	32
Exclusion of \$100,000 of gain from sale of home	27
Individual retirement accounts & self employed retirement accounts	30
Casualty losses	20
Accelerated depreciation	17
Taxes paid to another state	15
Solar energy device/credits	20
Professional corporations	13
Meals & lodging furnished by employer	10
Moving expense	9
Scholarships & fellowships	5
Exploration & development costs	4
Percentage depletion	3
Timber valuation for capital gains	3
Military pay exclusion	3

Other Taxes (In millions)

Horseracing tax	
Preferential rates	\$3
Preferential breakage treatment	2
Inheritance Tax	
Preferential rates: Class A and B beneficiaries	\$493
Specific exemptions	30
Charitable contributions	97
Life insurance exclusion	8
Insurance tax	
Nonprofit hospital service plans	\$29
Pensions and profit-sharing	13
Fraternal benefit societies	1
Motor Vehicle fuel taxes	
Aircraft uses, primarily commercial	\$45
Sales to military	35

Revenue Estimates

The National Outlook

The U.S. economy is at a turning point, entering a business downturn. The resilience which has been evident for the past two years appears finally to have been dissipated. The nation is in for a moderate recession over the next six months, before a new expansionary phase gets underway.

Policy decisions were critical throughout the past year. The desire to contain inflation and, at the same time, avoid a business downturn appears in retrospect to have had no chance of success. Rising interest rates were accompanied by increases in the monetary aggregates which were at the high end of the stated objectives of the Federal Reserve Board. A second factor was related to inflationary psychology. With the prime rate at approximately 12 percent and prices rising at a 13 to 14 percent rate, real interest rates were, in effect, negative. A third consideration may relate to what appears to have been a permanent upward shift in the interest rate structure of $1\frac{1}{2}\%$ to $2\frac{1}{2}\%$ during the credit crunch of 1974. Overall, then, there were no effective policies working to curtail increases in economic activity. Efforts at fine tuning, which might have brought about a soft landing in a less inflationary period, were ineffective in 1979.

On October 6 the Fed signaled its intent to combat inflation by curtailing the availability of funds and reducing final demand. The increase in the discount rate from 11 percent to 12 percent was immediately followed by a sharp rise in other rates. The prime moved rapidly to approximately 15 percent. Mortgage rates moved up to a range between 12 and 14 percent. The effective change in reserve requirements led to speculation that more specific actions to restrict credit for consumers or business could be forthcoming.

The anticipated reaction to the policy shift was not long in coming. Homebuilding—always one of the first industries to respond to significant policy changes—slowed noticeably in October, as mortgage funds for new construction or to finance the purchase of existing homes were harder to obtain. Consumer demand slowed

sharply. Layoffs began to build, concomitant with concern over inventory levels. In effect, the groundwork was laid for the seventh postwar recession.

By all economic measures, 1979 was an erratic year. The strong expansion in the first quarter was followed by a slump in the second due almost entirely to the temporary shortage of gasoline resulting from the curtailment of Iranian exports of crude oil. This was followed by unexpectedly good gains in the third quarter—partly in reaction to the second quarter restraint and partly attributable to advance buying of automobiles during the model cleanup promotions.

Overall, real gross national product posted a gain of 2 percent in 1979. Personal income was up almost 12 percent for the year, reflecting in part a $3\frac{1}{2}\%$ percent increase in wage and salary employment and average wage gains of $7\frac{1}{2}\%$ percent. Real income per capita and per wage earner was down, however, given the $11\frac{1}{2}\%$ percent rise in prices for the year.

Corporate profits will amount to approximately \$234 billion, a gain of 13.6 percent from the 1978 level. This better than expected profit performance is attributable in part to the higher profits reported by energy companies.

Rising prices, however, offset many of the gains. The Consumer Price Index increased 11.3 percent for the year, the worst performance since 1947, surpassing even the inflationary surge which accompanied the removal of wage and price controls in 1974. The price issue complicates any appraisal of the economic outlook. Certainly the strength of consumer demand in late 1978 and early 1979 facilitated the posting of price increases, some of which may have been greater than required to cover costs in response to the threat of wage and price controls. Anticipations of still higher prices encouraged advance buying. An indication of this was the exceptionally low savings rate in recent quarters, as consumer spending outpaced income gains and debt extensions continued high.

The auto and housing sectors—bellwether industries in business cycle analysis—deteriorated

significantly during 1979. New car sales started out the year at a more than 11 million rate, and peaked at a 12.4 million rate in March. From that point, a downtrend set in; sales dropped to a 9.3 million pace in November, and are expected to have amounted to only 10.6 million units for the entire year. This will represent a 6.4 percent decline from 1978. Housing starts weakened from the start of 1979, with the deterioration attributable to housing prices and rising interest rates. There is no doubt but that basic demand remains strong. Effective demand has weakened significantly, however, and is not likely to recover until mid-1980 at the earliest.

Beyond these more obvious indicators are the typical harbingers of recession: a rising number of layoffs, a sharp slowdown in the creation of new jobs, and declines in new orders.

The Budget forecast for 1980 and 1981 is predicated on five assumptions:

- The Federal Reserve will attempt to maintain a relatively tight policy through the first quarter of 1980, with gradual easing in succeeding quarters.
- Energy supplies would not be critical even with the cut-off of oil imports from Iran. A slower pace of economic activity and conservation efforts would prevent recurrence of an energy crisis of any significance during the forecast period.
- The Iranian situation will be resolved without a general Middle East conflict.
- Wage and price controls will not be imposed.
- A relatively minor tax cut will be signed into law mid-1980, along with a reduction in the social security rate increase scheduled for January 1, 1981.

Interest rates hold the key to economic activity over the next several quarters. There are already signs that the rate structure may have peaked with the prime just short of 16 percent. This rate has already dropped $\frac{1}{2}$ percent from its high. There is some concern, however, that the recent easing is a temporary development and that any further tightening by the Fed may push the prime back up to 16 percent or more during the first quarter. Regardless of very short-term patterns, rates should decline fairly rapidly beginning in the spring with the prime falling to approximately 10 percent by the end of 1980. Mortgage rates should ease to 10 percent from

current levels above 12 percent. Any substantive drop in interest rates will have a positive, stimulative effect on both consumers and investors. Housing activity will account for most of the drop in the investment sector. Housing starts are forecast at 1.3 million units in 1980, down nearly 25 percent from 1979. Homebuilding will start its recovery in late 1980 and should again approach a 2 million unit rate by the end of 1981. Renewed investment in plant and equipment will lead to gains in other sectors, and set the stage for further growth in 1981.

In summary, the recession is expected to continue to approximately mid-1980. The first quarter of the year should show a relatively sharp decline in consumer spending, fixed investment, and inventories. A smaller drop is forecast during the second quarter with the trough reached between May and July. A moderate pickup in activity is expected for the third quarter with a relatively strong performance in the closing months of 1980. Overall, the 1979-80 recession will be far less severe than that which occurred in 1973-75. The table below summarizes the quarterly pattern forecast for 1980.

REAL GROSS NATIONAL PRODUCT
Quarterly growth rates through 1980

	1980:1	1980:2	1980:3	1980:4
Real GNP (in billions)	\$1,400.9	\$1,389.3	\$1,393.2	\$1,422.1
Rate of change:				
GNP.....	-5.1	-3.3	1.1	8.5
Consumer spending	0.3	-0.4	2.8	6.1
Nonresidential investment ..	-10.4	-8.9	-3.3	5.3
Residential investment	-20.5	-18.5	-17.3	9.7
Government	-1.1	0.3	0.6	1.6
Inventory change				
(in \$ billions)	-4.0	-6.0	-5.0	+6.0

The relatively high level of interest rates, uncertainty over the future course of events, softness in the labor market, rising unemployment, and sharply lower nominal income gains will dampen the consumer sector significantly. It is estimated that car sales next year will amount to 9.7 million units compared to an average of 10.6 million units in 1979. Spending on furniture will be curtailed by the soft housing market. Gasoline consumption will be held in check by both the lower level of economic activity and reduced supplies resulting from the Iranian situation. The only area expected to register a steady gain in real terms is services, which are usually little affected by cyclical downturns. On balance, real consumer expenditures should increase by 0.8 percent.

At the present time conflicting opinions exist as to the inventory situation in the nation. By most reports, inventories do not appear to be excessive; current efforts to reduce stocks along with slowing sales are therefore expected to prevent a repeat of the major inventory adjustments that have intensified recessions in the past.

The general curtailment of activity will lead to rising unemployment. The jobless rate is expected to peak at 8.2 percent during the third quarter of 1980. Much of this rise will be due to the inability of new entrants to the labor force to find jobs. The reduction in wage and salary employment between the peak in the fourth quarter 1979 and the trough in the second quarter of 1980 is put at 650,000—far less than has occurred in prior recessions. Employment cuts should be held in check by the anticipated short duration of the recession, and by some labor hoarding. The extremely tight labor market of the past 18 months has demonstrated the problems inherent with frequent adjustments to short-term economic conditions.

The recession should lead to gradual moderation in price increases. The Consumer Price Index (CPI) has been rising at a 12 to 14 percent rate in recent months, due primarily to sharp increases in the cost of gasoline, housing, and food. These three categories, in particular, are expected to be under less pressure during the next two years than in 1979. For example, the weakening housing resale market has already been reflected in reductions from asking prices. Reduced mortgage rates will also offset other gains in the CPI. The impact which these factors can have on price measures is illustrated by a comparison of the change between the third quarters of 1978 and 1979 in the total CPI and the CPI excluding mortgage costs:

	<i>Indexes: 1967 = 100</i>	
	<i>Total CPI</i>	<i>CPI excluding mortgage costs</i>
Third quarter 1978	197.9	194.4
Third quarter 1979	221.1	214.8
Change	+11.7%	+10.5%

As evident from this differential, the large majority of consumers who had met their housing needs prior to 1979, and were therefore not in the new home market, were not as adversely affected by price increases during the past year as were new home buyers.

Controlling overall inflation trends will be a slow and difficult process even with a slowdown

in business activity. Gasoline prices, for instance, will rise in response to further increases in world crude oil prices and decontrol, but the gain is not expected to be as large as that of last year. Food prices will be up about 9 percent on the average during 1980, only slightly less than the 10.8 percent increase of 1979. Prices of new cars will also rise another 9 percent, through a series of increases during the year. In general, the fear of potential price controls will keep prices higher than would normally be the case during a recession. It is anticipated that the inflation rate will decline to about 9 percent by the end of 1980, and will not get below 7 percent until the end of 1981.

The forecast assumes that a tax cut evenly split between business and the consumer will be enacted mid-1980. Provision for further acceleration of depreciation allowances is anticipated. Individuals are expected to receive an income tax cut of \$12 billion as of the fourth quarter 1980.

More significant may be changes made in the Social Security contribution schedule. At the present time, the rate in 1981 is set to jump to 6.65 percent from the current 6.13 percent. The base will rise by 13 percent in 1980 to \$25,900, and by nearly 15 percent in 1981 to \$29,700. Permitting these increases to go into effect would represent a sharp tax increase for most working individuals and would effectively offset most of any general income tax cut approved in 1980. There is developing sentiment in Washington for legislation to reduce the negative impact of Social Security contributions and some corrective action may be taken during the next 12 months. The 1981 forecast given here has incorporated the scheduled rise in the wage base to \$29,700. The contribution rate will be held unchanged, however, at 6.13 percent. Other funding sources will be used to meet benefit payments.

THE CALIFORNIA FORECAST

The past year can best be characterized as a year of transition for the California economy. The exceptional growth which began in early 1976 and continued through the end of 1978 clearly showed signs of moderating.

The overall condition of the California economy was good during 1979. Total nonagricultural employment increased by nearly 5 percent, or

about 450,000 jobs over the 1978 average. The unemployment rate fell from 7.1 percent to 6.3 percent, despite a nearly 3½ percent increase in the civilian labor force. In fact, by November the State's jobless rate had declined to 5.7 percent, one-tenth below the national average. Total personal income is expected to be up by 13.8 percent for the year although increases in consumer prices during the year have greatly reduced real gains. The number of housing units authorized by permits fell 13 percent from the preceding year to 212,000 units. This level is still slightly above normal when compared to the average number of units authorized annually since 1965.

Total nonagricultural employment increased during 1979 in every month but April. Most of the strength occurred in the aerospace, construction, service, and finance-insurance-real estate sectors. Gains in aerospace occurred in virtually every industry. Service employment growth was strongest in the business, health, and entertainment categories. State and local government employment nearly returned to the levels existing before the passage of Proposition 13. From this it can be inferred that the fiscal relief provided by the Legislature has been effective in avoiding large-scale disruptions in local services.

A major factor impacting on the California economy during 1979 was the gasoline supply shortage. The first indication of a problem came in early March. During that month the year-over-year increase in gasoline distributions was only 0.6 percent. In contrast, the year-over-year increase for 1977 and 1978 was about 5 percent. The table which follows illustrates gasoline supply trends during 1979.

GASOLINE DISTRIBUTIONS: 1979

	<i>Millions of gallons (seasonally adjusted)</i>	<i>Percent change from same month, 1978</i>
January	1,014.3	6.3
February	1,055.2	9.0
March	999.5	0.6
April	973.9	0.2
May	963.4	-2.8
June	915.1	-7.4
July	898.0	-6.2
August	944.4	-6.1
September	968.2	-0.3
October	954.0	-5.3

Source: State Board of Equalization

While it appears that Californians are now adjusting to lower levels of gasoline availability, the initial reaction to the supply cutback was uncertainty, which led to temporary cutbacks in

some consumption categories. An indication of this was an employment drop of 0.9 percent in April.

Retail sales in California continued to record strong gains. Preliminary data for 1979 indicate that taxable retail sales increased by almost 16 percent compared to 1978. Exceptional increases were registered in the farm equipment, building materials, specialty, and home furnishings categories.

As the State enters the first half of 1980, the slowing in growth which began in the preceding year is expected to continue. Economic trends at the national level, will be the major influence on California. In brief, it is expected that the California economy will be less affected by the recession than the rest of the Nation in 1980, and rebound more quickly in 1981.

In 1980 it is expected that total nonagricultural employment will decline during the first and second quarters. Such a decline has not happened since early 1975, when the U.S. economy was at the trough of a recession. By the end of 1980, however, employment in California will be up by nearly 100,000 jobs from the end of 1979. Continuing gains throughout 1981 should result in an additional 400,000 new jobs for that year.

Individual employment sectors highlight the economic pattern forecast for 1980 and 1981. Construction employment, an important barometer of statewide economic activity, will fall by about 30,000 workers during the first half of 1980. Only 10,000 of these will likely be reemployed during the latter half of the year. By 1981, construction employment is expected to increase by 8,000 to 10,000 each quarter. Manufacturing employment other than aerospace may decline by as much as 40,000 in 1980, with very slow recovery in 1981. The finance-insurance-real estate sector is expected to show virtually no change in 1980, and an average rate of growth in 1981. Transportation and trade employment are expected to increase modestly in 1980 and 1981, while service employment gains should again lead the California economy in both years.

The only sector which is expected to perform exceedingly well in both years is aerospace. Support within aerospace is evident in virtually all areas. Commercial aircraft manufacturing is particularly strong, with orders for new aircraft backlogged for several years. In addition to the orders directly received by California firms, ap-

proximately 25 percent of the orders from the Boeing Company in Seattle, Washington are being subcontracted to firms in this State. Currently the major constraint on the growth in aircraft production, and all other aerospace sectors, is the supply of engineers and other needed personnel.

California leads the Nation in Department of Defense (DOD) and NASA prime contract awards. Of the over \$10 billion in DOD awards contracted in 1978, California received nearly 20 percent. A renewed commitment by the Federal Administration to increase real defense spending during 1980-81 will provide continued support to aerospace. Further gains will occur if the MX missile system is approved by the U.S. Congress. During the last few years, California received 40 to 50 percent of all NASA prime contract awards. While no major new projects are expected in 1980, existing projects such as the space shuttle should maintain current employment levels.

Aerospace employment also includes the rapidly growing consumer electronics industry. Computing and accounting machines and electronic games are just some of the products being manufactured which are in particularly heavy demand.

Despite some bright spots in the California employment picture for 1980, total unemployment will rise during the year. The State's unemployment rate is expected to peak at 8 percent during the latter half of 1980. At that time the number of persons out of work will total approximately 900,000, compared with the 650,000 unemployed at the end of 1979. Growth in civilian employment during 1981 will bring the unemployment rate below 7 percent by the end of the year.

Housing is perhaps the greatest unknown in the outlook. The 212,000 units authorized in 1979 represented a surprisingly high level of construction in light of record mortgage interest rates. As of November, many new home buyers were paying 13 percent for home mortgages. It is expected that home construction in early 1980 will decline sharply. Partially as a result of the Federal Reserve Board action to limit growth of the money supply, some lenders now state that they will not be able to finance housing in the near term, regardless of the interest rate.

As interest rates fall in the latter half of 1980,

and demand for homes continues to expand, residential construction should become progressively stronger through 1981. The forecasted decline to 165,000 units in 1980 represents a drop of 47,000 units from the 1979 level; an increase of 65,000 units is expected in 1981. Nonresidential construction, both commercial and industrial, remained strong in 1979. It is expected that 1980 will see moderate reductions in this area.

The share of new home construction attributable to multiple units fell from 42 percent in 1978 to 35 percent in 1979. This share should remain relatively unchanged in 1980. The prospect of rent controls and the decreasing profitability of operating rental housing, are the major factors behind the low level of multiple-unit construction.

It is not known to what extent the passage of Proposition 2, which raised maximum interest rates, will stimulate construction activity. Before the measure, mortgage bankers, insurance companies and others in California were subject to a 10 percent interest rate ceiling on loans. This led to investment funds being placed in other states. As the flow of these funds is reversed back into California as a result of Proposition 2, the State's housing industry can expect access to several billion dollars for real estate loans. Some estimates within the mortgage banking industry suggest that up to \$10 billion will be available throughout the State in 1980. More conservative estimates place the figure at \$2 billion. The actual amount gained will probably lie between these two extremes. The increase in competition which this funding will provide is also likely to exert downward pressure on interest rates as the year goes on.

The real income of Californians will fall slightly in 1980. The growth in total personal income expected during the year will be more than offset by a record high level of inflation. By 1981, however, real income should rise by as much as 4 percent. The 11.7 percent increase forecast for the California CPI in 1980 assumes monthly increases of about 0.8 percent, versus the increases of 1.0 to 1.1 percent during 1979.

Table 1 summarizes the national and California forecasts for 1979 and 1980.

ALTERNATIVE FORECASTS

The forecast discussed above is not the only possibility for 1980 and 1981. There is more than

a little uncertainty at the present time regarding the economic outlook, Federal policy and consumer responses. While a consensus seems to be developing regarding overall levels of activity for the coming year, there is considerable disagreement among forecasters as to the quarterly pattern of events. This disagreement accounts for the broad range of estimates for 1981.

Two alternative scenarios, summarized below, have been developed to cover both a more and a less severe downturn.

Downside Risk

As noted earlier, the outlook for the coming two years depends to a great extent on fiscal policy. If the Federal Reserve Board restricts the money supply more than is now expected, interest rates will remain at relatively high levels. Under this scenario, the prime would again rise in the first quarter of the year and not decline significantly until the third quarter. By the end of 1980, the prime would stand at approximately 11¼ percent. Gradual reductions in 1981 would not be sufficient to provide major economic stimulus.

Consumer confidence could be expected to remain at low levels for several quarters under these conditions because of continued inflation and rising unemployment in an unusually slack job market. Substantial OPEC price increases would fuel inflation, and could lead to lower overall levels of economic activity if gasoline supplies were restricted.

Under this alternative, wage and salary employment would decline on the order of 1.7 million jobs between the peak in late 1979 and the trough in the third quarter of 1980. The unemployment rate would rise to a high of approximately 9 percent, and would average 8 percent for the entire year. The jobless rate would average still higher—8½ percent—in 1981, reflecting the slow recovery process. Real income would be down 2½ percent for 1980 due in large part to the small gain in total wages and salaries. Consumer demand would therefore be sharply curtailed. Sales of new cars, for instance, could be expected to average only 8.5 million units for all of 1980.

Unfortunately, the inflationary situation would not be resolved by these developments. Prices have been shown to be relatively inelastic on the down side and with the threat of wage and

price controls still in the wings, price increases would not be significantly curtailed in the short-run. In the longer run, however, reduced demand would lead to a more rapid deceleration in the rate of price increase than anticipated under the standard forecast.

This low alternative calls for four quarters of decline in real GNP—from the 4th quarter 1979 through the 3rd quarter of 1980. The first two quarters of the year would see particularly sharp cuts in activity. Recovery would begin in the fourth quarter, but at a slower pace than is typical coming out of a recession. By the end of 1981, economic activity would still be significantly below its potential.

Under this scenario, California would be more significantly impacted by the recession than is anticipated in the standard forecast. A job loss of approximately 100,000 would occur between the peak and trough of the cycle. The most pronounced cuts would come in non-aerospace manufacturing, trade and construction. Aerospace gains would be held in check as a result of the slow-down in air traffic and a less buoyant consumer market for electronics items. The construction industry would feel the effects of a weak housing situation (145,000 new units in 1980) and reduction in the volume of non-residential construction activity. The finance-insurance-real estate group would see virtual stagnation for the year. Finally, service growth could be expected to slow sharply. The trough in 1980 would be followed by only moderate gains for several quarters with gradual acceleration in the second half of 1981.

The jobless situation would deteriorate rapidly in early 1980, with the unemployment rate rising above 9 percent and remaining high through the forecast period. This would create problems reminiscent of those which existed in 1975 and 1976 when the unemployment rate reflected the inability of new entrants to the labor force, re-entrants and laid-off workers to find jobs.

Personal income would rise by approximately 10 percent in 1980, and by 11 percent in 1981.

The High Alternative

On the other hand, it is possible that the current recession will be of relatively short duration, with fairly rapid recovery in the latter half of 1980 and significant gains in 1981. Apparent

imbalances in the economic system may be less than generally thought. Concern over consumer debt levels, for instance, has led analysts to the conclusion that the recession will substantially curtail consumption. If, however, those debt levels are not in fact overly burdensome, demand could continue at higher levels than now anticipated. If the Fed pulls back from its current policy course and allows the money supply to increase more rapidly, interest rates will fall relatively quickly during 1980. This would prevent a serious downturn in investment and would also buoy the consumer market.

It is possible under this scenario that business would not resort to massive layoffs, but would attempt to reduce hours in order to preserve existing jobs. With fewer layoffs and a slower increase in the unemployment rate, consumer confidence would remain relatively high. Auto sales, for instance, would amount to 9.9 million units in 1980 and would reach an 11 million unit rate by the end of 1981. Housing starts would fall to a low of 1.3 million units but average nearly 1.5 million for all of 1980. Pent-up demand for homes would lead to a resurgence in the housing industry in 1981, with the number of units built during that year approaching 2 million. Income growth would be more substan-

tial—10½ percent in 1980 and nearly 12 percent in 1981. The gain in real income would amount to 3 percent during the latter year.

On this basis, the California economy would see very little effect from the current recession. There would be a modest downturn in trade and non-aerospace manufacturing employment early in the year, but these cuts would be more than offset by increases in the aerospace and service sectors. Overall, employment would be up 2 percent for 1980 with a 4½ percent growth in 1981.

These employment increases would lead to income gains of 11½ percent in 1980 and 12½ percent the next year. Real income of Californians would show marked improvement by 1981, a factor which would stimulate both the housing and consumer sectors. The number of housing units authorized could amount to 205,000 and 260,000 for the two years, reflecting a large inflow of funds as a result of the recent relaxation in interest rate limits.

The unemployment rate would peak at just under 8 percent, and fall rapidly in 1981, approaching 6½ percent by the end of that year. In brief, the 1979–80 national recession would lead to only a temporary pause in the exceptional growth of the California economy in recent years.

TABLE 1
SELECTED ECONOMIC DATA, 1979-81

<i>National data</i> (Dollar amounts in billions)	1979 (Estimated)	1980		1981	
		Amount	Percent change	Amount	Percent change
Gross national product	\$2,363.9	\$2,560.6	8.3	\$2,870.4	12.1
Personal consumption expenditures	1,504.5	1,649.1	9.6	1,842.9	11.8
Durables	210.9	224.1	6.2	258.4	15.3
Nondurables	594.2	647.3	8.9	725.7	12.1
Services	699.4	777.7	11.2	858.8	10.4
Gross private domestic investment	389.3	395.1	1.5	468.9	18.7
Nonresidential	254.5	273.7	7.5	310.7	13.5
Structures	92.1	101.3	10.1	115.5	14.0
Producers' durable equipment	162.5	172.4	6.1	195.2	13.2
Residential	113.6	107.8	-5.0	137.2	27.2
Change in inventories	21.2	13.5	—	21.0	—
Net exports	-3.4	-3.6	—	-8.5	—
Government purchases of goods and services	472.2	520.1	10.2	567.1	9.0
Federal	163.5	173.9	6.4	183.0	5.2
Defense	107.0	111.8	4.5	116.5	4.2
Other	56.5	62.1	9.8	66.5	7.2
State and local	309.9	346.2	11.7	384.1	10.9
Deflator (1972 = 100)	165.7	182.7	10.3	196.1	7.3
Real GNP	1,426.7	1,401.4	-1.8	1,464.0	4.5
Corporate profits, pre-tax	233.5	214.2	-8.3	254.3	18.7
Personal income	1,922.6	2,122.2	10.4	2,369.2	11.6
Wage and salary employment (thousands)	89,459	89,922	0.5	92,866	3.3
Housing starts (thousands)	1,747	1,323	-24.2	1,758	32.8
New car sales (millions)	10.6	9.7	-8.6	10.5	8.7
Consumer price index (1967 = 100)					
All urban consumers	217.4	242.6	11.6	263.8	8.7
<i>California data</i>					
(Dollar amounts in millions)					
Wage and salary employment					
(thousands)	9,681	9,812	1.4	10,201	4.0
Mining	39	39	n.c.	40	3.2
Construction	458	433	-5.5	462	6.8
Manufacturing	1,999	1,984	-0.8	2,033	2.5
Transportation-utilities	534	546	2.2	574	5.2
Trade	2,221	2,250	1.3	2,343	4.1
Finance-insurance-real estate	593	595	0.3	620	4.2
Services	2,084	2,172	4.2	2,315	6.6
Government	1,753	1,795	2.4	1,813	1.0
Civilian labor force					
(thousands)	10,929	11,305	3.4	11,737	3.8
Employment	10,248	10,443	1.9	10,893	4.3
Unemployment	682	861	26.2	844	-2.1
Rate	6.2	7.6	—	7.2	—
Personal income	\$226,510	\$251,237	10.9	\$281,828	12.2
Wages and salaries	142,804	155,607	9.0	173,411	11.4
Other labor income	13,908	15,755	13.3	18,250	15.8
Proprietors' income	17,976	19,420	8.0	22,038	13.5
Farm	3,057	3,069	0.4	3,279	6.9
Nonfarm	14,919	16,351	9.6	18,759	14.7
Property income	32,963	37,464	13.7	41,785	11.5
Transfer payments	28,480	33,643	18.1	38,071	13.2
Less: Contributions for social insurance	9,638	10,682	10.8	11,769	10.2
Residence adjustment	17	30	73.9	43	43.3
Housing units authorized	212,000	165,000	-22.2	230,000	39.4
Consumer price index (1967 = 100)					
All urban consumers	215.6	240.8	11.7	260.8	8.3

Note: Percentage changes calculated on unrounded data.

REVENUE ESTIMATES

Tax yields generally follow changes in economic activity. The revenue estimates for 1979-80 reflect a decline in economic activity with a recovery forecasted for 1980-81.

State revenue during the 1980-81 fiscal year is estimated at \$22,074,776,637, approximately \$1,771 million above the \$20,303,549,036 anticipated during the current fiscal year and \$4,647 million above actual 1978-79 receipts.

Revenue for the General Fund is estimated to total \$19,065,363,629 in 1980-81, up \$1,598 million (9.2 percent) from the current year and \$4,163 million (27.9 percent) higher than 1978-79 actual revenue. Record high personal income, corporate profits and retail sales account for most of these gains. In addition, a major tax reduction in 1978-79 distorts the comparison.

Special fund revenue for 1980-81 is estimated at \$3,009,413,008¹ or 6.1 percent above the current year and 19.1 percent above 1978-79.

Receipts for the General Fund and the special funds for past, current and budget years are shown in the table below.

TABLE 2
STATE REVENUE COLLECTIONS
(In millions)

<i>Taxes, fees, etc.</i>	<i>Actual 1978-79</i>	<i>Estimated 1979-80</i>	<i>Estimated of total 1980-81</i>	<i>Percent 1980-81</i>
General Fund:				
Sales and use	\$5,779.2	\$6,460.0	\$7,240.0	32.8
Personal income.....	4,761.6	6,275.0	6,800.0	30.8
Bank and corpora- tion	2,381.2	2,566.4	2,723.0	12.3
Inheritance and gift..	417.0	491.9	568.8	2.6
Insurance	420.2	443.0	490.0	2.2
Cigarette.....	189.8	191.0	195.0	0.9
Alcoholic beverage ..	140.1	138.2	141.0	0.6
Horseracing	98.5	112.3	122.3	0.6
Other sources.....	714.4	782.2	785.2	3.6
Totals, General Fund	\$14,902.0	\$17,467.0	\$19,065.4	86.4
Special funds:				
Motor vehicle:				
Fuels	\$896.6	\$886.6	\$902.9	4.1
License fee	612.2	642.4	711.8	3.2
Registration, weight, etc.....	409.7	425.7	441.5	2.0
Sales	1.7	110.0	125.0	0.6
Cigarette.....	79.0	81.5	83.0	0.4
Bank & Corporation	-	43.6	77.0	0.3
Horseracing	14.7	18.2	19.9	0.1
Other sources.....	512.2	628.6	648.3	2.9
Totals, Special funds	\$2,526.0	\$2,836.6	\$3,009.4	13.6
TOTALS	\$17,428.0	\$20,303.5	\$22,074.8	100.0

¹ Subsequent dollar amounts have been rounded. Totals, differences and percentages have been computed from whole dollars.

1979 Tax Legislation

The Personal Income Tax Law was revised (AB 276, Chapter 1198) to provide for full indexing of the tax rate brackets for the 1980 and 1981 income years. This will reduce 1980-81 revenues by \$180 million. Prior to the enactment of this bill, the tax rate brackets were scheduled to be indexed by the annual percent change in the California Consumer Price Index less 3 percent.

Chapter 1150 (AB 66) increased the business inventory exemption to 100 percent beginning in 1980-81, repealed several minor sales and use tax exemptions and increased the general corporation tax rate for fiscal years ending in 1980 and thereafter from 9 percent to 9.6 percent. In addition, banks became subject to the \$200 minimum franchise tax, sales and use taxes, the State energy resources surcharge, and local utility user taxes. The bill also extended the in-lieu provisions currently enjoyed by banks to other financial corporations, and specified that the financial rate would be a flat 2 percent for 1980 and 1981. For 1982 and thereafter, the rate would be computed using a formula which includes business license fees. The revenue attributable to the financial rate will be transferred to cities and counties. Finally it repealed the "Litter Tax" and replaced the lost revenue with a transfer from the General Fund to the Litter Fund. The increase in the bank and corporation tax rate is expected, over time, to fund the corporate share of the additional subvention costs resulting from the 100 percent business inventory exemption.

GENERAL FUND REVENUE

Over 86 percent of aggregate state revenue is deposited in the General Fund. This includes collections from such levies as those on sales of tangible personal property, personal income, corporate profits and insurance premiums. For the most part, these taxes are related directly to business conditions. Hence, the estimates of revenue from each source are derived from the economic assumptions outlined above. The influence of these economic factors upon the various tax bases and the methods used in preparing the budget revenue estimates are summarized in the following material.

Sales and Use Tax—\$7,365,000,000

The sales tax—an excise tax imposed for the privilege of selling tangible personal property in California for final consumption in the State—is the largest single source of revenue in the State. The sales tax was enacted in 1933 at a rate of 2½ percent. The use tax was enacted in 1935 as a complement to the sales tax, and has always been at the same rate as the sales tax. In 1955, the Bradley-Burns Uniform Local Sales and Use Tax Law was enacted, allowing cities and counties to impose a 1 percent State-administered sales and use tax. The sales tax is based on retail sales of tangible personal property and the use tax is measured by the sales price of personal property which is stored, used, or otherwise consumed in this State.

There were five exemptions in the original sales tax law:

1. Sales of tangible personal property which the State is prohibited from taxing under the laws of the United States or the California Constitution;
2. Sales of gas, electricity, and water when delivered to customers through mains, lines or pipes;
3. Sales of gold bullion, gold concentrates, or gold precipitates by a producer or refiner (this exemption was repealed by Chapter 1150, Statutes of 1979).
4. Sales of tangible personal property used for the performance of a contract in public works executed prior to the effective date of the act; and
5. Sales of motor vehicle fuel taxed under the Motor Vehicle Fuel License Tax Law and not subject to refund. (This exemption was repealed, effective July 1, 1972.)

Many exemptions have been enacted since these original exemptions; some of the more important and their dates of enactment are: food for home consumption (not including hot take-out food), 1935; newspapers and periodicals, 1941; prescription medicines, 1961; and candy (which was defined as a food product), 1971.

The sales tax rate has increased from its original 2½ percent to a rate of 6 percent (6½ percent for the San Francisco Bay Area Rapid Transit District, the Santa Clara County Transit District and the Santa Cruz Metropolitan Transit District.) This rate includes the 4¾ percent State rate, 1 percent local rate, and a ¼ percent county

tax to be used for the support of local transit systems.

The ¼ percent county tax was enacted in 1971 (effective July 1, 1972) when the gasoline exemption was repealed and the State sales tax rate decreased from 4 percent to 3¾ percent. (The State rate has been at its current level of 4¾ percent since April 1, 1974.) The ¼ percent tax was levied to approximate revenues collected from extending the sales tax to gasoline. Each year an estimate is made to determine if the additional revenue derived from the taxation of gasoline is offset by the ¼ percent State tax rate reduction. If more is raised by the State sales tax on gasoline, the excess is transferred from the General Fund to the Transportation Fund. If less is raised, the deficit is absorbed by the General Fund.

From 1972–73 to 1978–79, the calculation of this transfer was based upon the State tax rate in effect when the transfer originated. That is, the 3¾ percent rate with gasoline in the base had to generate more revenue than taxing sales less gasoline at 4 percent in order for a transfer to be made. Chapter 161, Statutes of 1979, revised the formula for calculating the transfer to reflect the higher State tax rate currently in effect. If gasoline sales taxed at 5 percent generate more revenue than ¼ percent of all taxable sales, the excess is transferred. No more than \$110 million can be transferred in 1979–80. In each succeeding fiscal year, the maximum amount that may be transferred will be increased by the percentage increase in inflation and population. This will result in a transfer of \$125 million in 1980–81.

The sales tax revenue estimates also reflect the following legislation enacted in 1979. Chapters 1160 and 1180, Statutes of 1979, revised the tax treatment of mobilehomes to more closely resemble housing. Mobilehomes either on permanent foundations or purchased new on or after July 1, 1980 will be subject to property taxes rather than vehicle license fees. In addition, the sales tax on new mobilehomes will be based on 80 percent of the wholesale cost and used mobilehomes will be exempt from the use tax. These changes are expected to reduce State revenue by \$760,000 in 1979–80 and \$8,100,000 in 1980–81.

In addition to providing a property tax exemption for business inventories, Chapter 1150, Statutes of 1979 (AB 66) made banks subject to

the use tax and repealed several minor sales tax exemptions. This action will result in additional sales and use tax revenue to the State of \$1.9 million in 1979-80 and \$5.7 million in 1980-81.

Food or meals served by a house or institution that provides board and room to senior citizens for a flat monthly rate were exempted from the sales tax by Chapter 1048, Statutes of 1979. This will reduce State revenue by an estimated \$500,000 in the current year and \$2,100,000 in the budget year.

In total, sales and use tax measures enacted during the 1979 legislative session will reduce General Fund revenue by \$45.9 million in 1979-80 and \$4.5 million in 1980-81.

Taxable sales are estimated on both a quarterly and an annual basis, using two methods. A multiple regression equation is used to estimate total annual sales in constant dollars, using as independent variables, disposable personal income in constant dollars, wage and salary workers in manufacturing and construction, new vehicles sold and the savings rate. Sales in constant dollars are converted to current dollars by application of an appropriate price factor. Total quarterly sales are estimated on a current dollar basis, using personal income, wage and salary employment in manufacturing and construction, and real personal consumption expenditures as independent variables. In addition, estimates are made on both an annual and quarterly basis by classifying taxable sales into 16 homogeneous groups, each of which is regressed against an appropriate economic factor. The various estimates are then reconciled. The current estimates are shown in Table 3.

Taxable sales in 1979 are estimated at \$131.1 billion, an increase of 15.5 percent from 1978. Much of this growth reflects the higher level of inflation during the year. In real terms, the growth rate was 3.5 percent—less than half that of the prior year. Gasoline sales contributed substantially to the overall total. Although the number of gallons consumed dropped by 1.6 percent, dollar sales are expected to be up over 33 percent. Construction, farm, manufacturing and wholesaling were other categories with exceptionally strong growth.

For 1980, the slowdown in the economy is expected to result in no real growth in taxable sales. In nominal terms \$146.4 billion in taxable sales is forecast, representing an 11.7 percent increase. Again, the gain in sales of gasoline are expected to substantially outpace other types of sales.

Total taxable sales in 1981 are estimated at \$169.4 billion, up 15.7 percent in current dollars and 6.2 percent in real terms. Gasoline, furnishings, new car and construction sales should show the most rapid expansion.

A transfer of \$110 million to the Transportation Planning and Development Account is estimated for 1979-80. In the budget year, the transfer should total \$125 million.

Sales and use tax revenues prior to the transfers to the State Transportation Fund, including revenue attributable to audit activities of the Board of Equalization and the effects of legislative changes are:

(In thousands)	
1978-79 (actual)	\$5,780,919
1979-80 (estimated)	\$6,570,000
1980-81 (estimated)	\$7,365,000

TABLE 3
TAXABLE SALES IN CALIFORNIA
(In millions)

	1978	1979		1980		1981	
	Actual	Estimated	Percent Change	Estimated	Percent Change	Estimated	Percent Change
Retail stores except motor vehicles and buildings	\$46,060	\$52,000	12.9	\$57,040	9.7	\$64,675	13.4
Motor vehicle dealers: auto parts, service stations, etc.	26,132	30,435	16.5	35,820	17.7	43,315	20.9
Building materials including contractors	11,845	14,090	19.0	15,200	7.9	17,720	16.6
Manufacturing, wholesaling, services	29,430	34,575	17.5	38,340	10.9	43,690	14.0
Totals	\$113,467	\$131,100	15.5	\$146,400	11.7	\$169,400	15.7

Personal Income Tax—\$6,800,000,000

The Personal Income Tax was enacted in 1935 at a rate which was graduated from 1 percent on taxable income under \$5,000 to 15 percent on taxable income in excess of \$250,000. Both the tax rates and tax brackets have changed significantly over the years. The current law is the result of extensive modifications made in 1971, which provided for withholding and quarterly estimated tax payments. In addition, it revised capital gains treatment, imposed a tax on preference income, closed various loopholes, and increased the then maximum tax rate of 10 percent to 11 percent. The imposition of withholding and estimated tax payments resulted in considerable windfall revenue due to the cash flow of withholding and prepayments. A special one-time tax credit was enacted in 1972 which returned \$438 million to taxpayers. This law also provided for a low-income tax credit which, in effect, exempted single persons with less than \$4,000 income and married couples with less than \$8,000 income from paying any income tax. In 1976, the maximum income for this tax credit was increased to \$5,000 and \$10,000. In 1978, the Legislature provided for a special one-time increase in the personal tax credits which returned \$714 million to the taxpayers. Because the personal income tax rates are progressive, inflation pushes many taxpayers into higher tax rate brackets. Therefore, beginning with 1978, the tax rate brackets were indexed by the annual percent change in the California Consumer Price Index, less 3 percent and, in 1979, the standard deduction and various tax credits were fully indexed.

Legislation enacted in 1979 provided that for the 1980 and 1981 income years, the tax rate brackets will be indexed by the full annual percent change in the California Consumer Price Index. The reduction in revenue due to indexing was \$270 million for the 1978–79 income year and is expected to be \$665 million and \$1,440 million for the 1979–80 and 1980–81 income years.

The personal income tax is the State's second largest revenue source, producing about one-third of the General Fund revenues. The tax is imposed on net California taxable income (gross income less exclusions and deductions) with tax rates ranging from 1 to 11 percent. A personal

tax credit and dependent tax credit is allowed against the gross tax liability. In addition, a tax on preference income is levied at one-half the regular rates. Preference income includes such items as accelerated depreciation on property in excess of straight-line depreciation, percentage depletion claimed in excess of the adjusted basis of mineral and timber producing property and the portion of capital gains income excluded from adjusted gross income.

The personal income tax revenue estimate is determined by the amount and type of income. The revenue attributable to each type of income fluctuates from year to year in response to changes in the amount received from each source and changes in the distribution among the tax brackets. For example, capital gains are, for the most part, received by taxpayers in the higher tax brackets while wages and salaries are mainly reported by taxpayers in the lower and middle tax brackets. Therefore, a fluctuation in capital gains income will have a greater impact on revenue than a similar dollar variation in wages and salaries because of the higher marginal tax rates. For this reason, revenue from each type of income is estimated separately. Historic relations between types of income are examined. These relationships are then applied to forecasts of income by source to obtain a revenue forecast. Tax attributable to capital gains is analyzed separately since capital gains are not included in the definition of personal income. An estimate is also prepared on a cash flow basis by source of revenue. The two analyses are then reconciled to obtain the final forecast. The cash flow analysis is of special interest in the forecasting process because the data are monthly, exact (actual receipts), and current (to the month prior to the forecast). In contrast, the source of income data are annual, and derived from a sample of returns for the year prior to the forecast. The components of the cash flow data are withholding, declarations, final payments, refunds, and other revenue (e.g., receipts from audit activities).

Total personal income tax revenue is estimated to be as follows:

(In thousands)	
1978–79 (Actual)	\$4,761,571
1979–80 (Estimated)	\$6,275,000
1981–82 (Estimated)	\$6,800,000

Bank and Corporation Tax—\$2,800,000,000

The bank and corporation franchise tax, enacted in 1929, is a tax levied on corporations for the privilege of doing business in California. The tax is measured by net income and is imposed at a 9.6 percent rate. A minimum tax of \$200 is imposed on all corporations. The corporation income tax was enacted in 1937 to complement the franchise tax. It is levied, at the same rate as the franchise tax, on the net income of corporations which are not doing business in California but which derive income from California sources (primarily foreign companies engaged wholly in interstate commerce and holding companies).

From 1933 through 1979, banks and other financial corporations were required to pay an additional tax on net income not to exceed 4 percent. The tax rate was determined annually as the ratio of personal property taxes paid to net income for all corporations other than banks, financial corporations, and utilities. The bank tax rate for the 1978 income year is 2.542 percent, down from 3.425 percent in the previous year.

The tax on banks is in lieu of all state and local taxes except those on real property, motor vehicles and sales and use taxes. The following shows the history of bank and corporation tax rates:

<i>Year</i>	<i>Tax Rate General Corporations (Percent)</i>	<i>Maximum Tax Rate on Banks and Other Financial Corporations (Percent)</i>
1929-32	4.0	4.0
1933-34	2.0	6.0
1935-42	4.0	8.0
1943-49	3.4	7.4
1950-58	4.0	8.0
1959-66	5.5	9.5
1967-71	7.0	11.0
1972-73	7.6	11.6
1973 *-79	9.0	13.0
1980	9.6	11.6

* Beginning July 1, 1973

The Bank and Corporation Tax Law was amended in 1971 to include a 2½ percent tax on items of tax preference. The intent is to impose some tax on taxpayers who benefit substantially from various forms of tax exempt income or deductions that reduce their tax under existing law.

There are three sources of tax preference income:

1. Depreciation and amortization in excess of the straight line method.

2. Percentage depletion in excess of cost.
3. Excess additions to bad debt reserves by financial corporations.

The tax applies to the amount by which items of tax preference, less \$30,000, exceeds any net losses for the year.

In 1979 there were three major legislative changes that will affect bank and corporation tax revenue during the current and budget period.

Chapter 1150 (AB 66) increased the general tax rate to 9.6 percent, subjected banks to the \$200 minimum tax and set the bank tax rate at a flat two percent for 1980 and 1981. This legislation also specified that such revenue would go to local government, and provided for a transfer of a portion of this tax to the State Litter Control, Recycling, and Resource Recovery Fund. The general rate increase was designed to fund the additional State reimbursement costs to local governments for completely exempting business inventories from property taxation. The combined effect of these changes will be to increase bank and corporation tax revenues \$51,400,000 in the current year and \$115,200,000 in the budget year.

Chapter 1168 (AB 93) conformed various bank and corporation tax provisions to Federal law as amended by the Revenue Act of 1978 and the Energy Act of 1978. The combined effect of these changes will be to reduce revenue collections by \$5,500,000 in both the current and budget years.

Chapter 1182 (SB 93) provided a bank and corporation tax credit to employers of persons eligible for certain welfare programs. This change is expected to reduce collections by \$1,800,000 in the current year and \$5,900,000 in the budget year.

Revenue collections in the current and budget year depend upon corporate profits attributable to California during 1978, 1979, and 1980. Profits for 1979 were estimated from responses to a questionnaire sent to a sample of firms doing business in California. The survey indicated a wide variation in corporate profits among the several industry groups. Mining and oil production are expected to register the strongest increase, while utilities expect to experience a decline. The companies answering the sample approximate 37 percent of the corporate tax base. Actual and estimated corporate profits are shown in Table 4.

TABLE 4
Taxable Corporate Profits in California *
(In millions)

Industry	1977 Actual	1978		1979	
		Preliminary	Percent change	Estimated	Percent change
Agriculture	\$251	\$352	40.2	\$379	7.7
Mining and oil production	1,157	1,358	17.4	2,143	57.8
Construction	758	904	19.3	953	5.4
Manufacturing	6,651	7,997	20.2	9,045	13.1
Trade	4,018	4,909	22.2	5,545	13.0
Service	1,464	1,964	34.2	2,279	16.0
Financials subject to the bank tax	1,998	2,476	23.9	3,011	21.6
Real estate and other financials	1,312	1,560	18.9	1,766	13.2
Utilities	1,191	1,643	37.9	1,219	-25.8
Totals	\$18,800	\$23,163	23.2	\$26,340	13.7

* These figures represent income of corporations with accounting periods ending from August of the year shown through July of the following year. This method of reporting approximates the federal system of reporting corporate profits in the year earned.

According to the survey, California corporate profits in 1979 are expected to total \$26.3 billion, 13.7 percent above 1978. For 1980 corporate profits are expected to be unchanged from the 1979 level.

After adjusting for legislation and adding payments attributable to audit activities of the Franchise Tax Board, total revenue is estimated as follows:

	(In thousands)		
	1978-79 Actual	1979-80 Estimated	1980-81 Estimated
General Fund	\$2,281,223	\$2,566,419	\$2,723,029
State Litter Control, Recycling, and Resource Re- covery Fund	-	14,581	13,971
Financial Aid to Lo- cal Agencies Fund	-	29,000	63,000
	\$2,381,223	\$2,610,000	\$2,800,000

Inheritance and Gift Taxes \$568,800,000

The California Inheritance Tax Law, adopted in 1879, was extensively modified in 1905. At that time a progressive rate schedule which covered transfers to family members was enacted. While there have been many modifications of the tax provisions over the years, its general structure has not changed. It is a tax on the right to succeed to property transferred at death and includes gifts made either in contemplation of death or with the intention that the transfer take effect at or after death. The responsibility for the tax liability rests with the decedent's estate.

The inheritance tax base is the market value of the property being transferred less certain deductions and exclusions. Taxable property includes all real and tangible personal property in the State. In the case of a decedent who was a

resident of this State at date of death, intangible personal property wherever located is also taxed. A progressive rate schedule, which varies according to the relationship of the transferee to the decedent, is applied to the taxable base.

Since enactment of the tax, various exemptions, deductions, exclusions, and credits have been added. The widely used exemption for charitable transfers initially surfaced in 1897. In 1935, the exclusion of the first \$50,000 of the proceeds of life insurance policies was enacted. A detailed history of this tax is included in the tax expenditure report beginning on Page A 88.

California's Gift Tax Law was enacted in 1939 as a supplement to the inheritance tax because large transfers made during the lifetime of a donor would otherwise escape tax. The tax is imposed on the donor on the transfer of property to the extent that the transfer was made without full consideration. The property is valued at its market value on the date of the gift.

The Gift Tax Law presently provides for an annual exemption of \$3,000 from a donor to the same donee. In addition to the annual exemption, the law provides a specific, one-time exemption which varies in amount according to the relationship of the donee to the donor.

The tax rate varies according to the relationship of the donee to the donor. Both the specific exemptions and the rates of tax are the same as those provided in the Inheritance Tax Law.

Estimated revenues for the inheritance and gift taxes are:

	<i>(In thousands)</i>		
	<i>1978-79 Actual</i>	<i>1979-80 Estimated</i>	<i>1980-81 Estimated</i>
Inheritance tax.....	\$402,246	\$475,900	\$551,300
Gift tax.....	14,709	16,000	17,500
Totals	\$416,955	\$491,900	\$568,800

Insurance Tax—\$490,000,000

The taxation of insurance companies doing business in California began in 1853 when foreign and domestic insurers were required to pay quarterly license fees of \$500 and \$250, respectively. In 1862, a gross premiums tax was enacted and levied on foreign insurers with less than \$50,000 invested in California property. In 1910, a constitutional amendment subjected all insurers to a 1.5 percent gross premiums tax which was in lieu of all taxes other than on real estate.

Since its inception there have been relatively few rate changes in the gross premiums tax. The tax has been levied at the rate of 2.35 percent since 1949. Certain pension and profit-sharing plans are taxed at 0.5 percent whereas surplus lines are taxed at 3 percent. Ocean marine insurers are taxed at 5 percent of underwriting profits.

The insurance tax estimate is based on projections of premium growth for specific lines of insurance. Responses to a survey were obtained from 110 companies which account for 60 percent of the insurance written in California. The results of this survey indicated that taxable premiums increased by 6.7 percent in 1979, and will grow by 8.9 percent in 1980.

The estimated tax for the current and budget years and the actual tax collection in 1978-79 are:

<i>(In thousands)</i>	
1978-79 (actual)	\$420,184
1979-80 (estimated)	443,000
1980-81 (estimated)	490,000

Cigarette Tax—\$278,000,000

The cigarette tax was enacted in 1959 at the rate of 3 cents per pack, and imposed on the

distributor for the privilege of selling cigarettes in California. The rate was subsequently increased to 10 cents per pack in 1967, with 30 percent of total revenues going to local governments. Cigars and other tobacco products are not subject to a tobacco tax.

A projection of the total number of taxable cigarettes distributed in the current and budget year is the basis for the cigarette tax estimate. Per capita consumption in the budget year will remain relatively level with total cigarette consumption increasing only slightly to reflect population increases. Taxable distributions of cigarettes are estimated at 2.76 billion packs in 1979-80 and 2.77 billion packs in 1980-81. Estimated revenues for the cigarette tax are:

	<i>(In thousands)</i>		
	<i>1978-79 Actual</i>	<i>1979-80 Estimated</i>	<i>1980-81 Estimated</i>
General Fund.....	\$189,780	\$191,000	\$195,000
Cigarette Tax Fund.....	79,036	81,500	83,000
Totals	\$268,816	\$272,500	\$278,000

Alcoholic Beverage Taxes—\$141,000,000

The tax on alcoholic beverages was enacted in 1935. In general, the tax is levied on distributions of distilled spirits, beer and wine from wholesaler to retailer.

The various rates applicable to alcoholic products have changed infrequently since 1935. The rate for dry wines has remained unchanged since 1937 when it was reduced from 2 cents per gallon to 1 cent per gallon. The rate on distilled spirits of 100 proof or less has been changed twice—in 1955 when the rate was increased from \$0.80 to \$1.50 per gallon, and in 1967 when it was increased to its current level of \$2.00 per gallon. In 1955, the rate for sparkling wines was raised from \$.24 to \$.30 per gallon. The tax on sweet wines has remained constant at 2 cents per gallon.

Alcoholic beverage tax estimates are based on a projection of the total number of gallons distributed in the current and budget years for each type of beverage. Estimated per capita consumption of each beverage is shown below:

Apparent Per Capita Consumption (In gallons)

	<i>1978-79 Actual</i>	<i>1979-80 Estimated</i>	<i>1980-81 Estimated</i>
Distilled spirits.....	2.52	2.45	2.44
Beer.....	24.72	25.36	25.92
Sparkling wine.....	.28	.30	.33
Dry wine	3.63	3.87	3.99
Sweet wine .....	.42	.42	.42

Estimated revenues for the current and budget years, compared with the actual revenue for 1978-79 are:

	<i>(In thousands)</i>		
	<i>1978-79 Actual</i>	<i>1979-80 Estimated</i>	<i>1980-81 Estimated</i>
Distilled spirits.....	\$114,922	\$112,100	\$113,500
Beer and wine	25,137	26,100	27,500
Totals	\$140,059	\$138,200	\$141,000

Horse Racing Fees—\$142,195,000

Parimutuel betting on horse racing in California was authorized in 1933. The major portion of horse racing revenue is derived from a license fee imposed on the total parimutuel handle (the amount bet) and breakage (the odd cents not paid to winning ticket holders). Other sources of horse racing revenue are unclaimed parimutuel tickets, occupational license fees, fines and penalties.

The original law provided for a parimutuel license fee of 4 percent. For meets with average handles greater than \$650,000 per day, the current rate schedule provides for a base rate of 6.10 percent on the first \$20 million bet and one other rate, ranging from 5.70 to 7.45 percent depending on the total amount bet in excess of \$20 million.

Beginning in 1947, the State received the breakage attributable to the handle in excess of \$27 million. Breakage was defined as the odd cents by which the amount payable on each dollar exceeded a multiple of five cents. In 1959, the breakage was changed from five cents to ten cents, and the State received one-half of the breakage attributable to the first \$24 million bet and all of the breakage on the handle in excess of \$24 million at each track. However, in 1967 a special provision was added that allowed all race meets which handle less than \$125 million (all meets except Santa Anita and Hollywood

Park) to remit to the State only the breakage attributable to the handle in excess of \$50 million to the State. Breakage not paid to the State added to purses.

From July 1, 1970, to July 1, 1975, all meets which handled less than \$20 million were subject to a 5.5 percent rate rather than the normal 6.1 percent. This special treatment was permanently extended to the California State Fair and Exposition (Cal Expo) and all district and county fairs.

For meets averaging less than \$650,000 per day the fee ranges from 1 percent to 4 percent for fairs and lessees of Cal Expo and from 2.5 percent to 7.5 percent for all other meets.

Total handle of all race meets is expected to increase by 11.4 percent in 1979-80 and 8.7 percent in 1980-81. Total revenues from horse racing will increase by 15.2 percent in 1979-80 and 8.9 percent in 1980-81, with General Fund revenues from horse racing showing gains of 13.9 percent and 8.9 percent for the same periods.

Total parimutuel pools, receipts from horse racing, and the final distribution of such revenue among the various funds are shown below.

TABLE 5

**Sources and Distribution of Horse Racing Revenue
(In thousands)**

	1978-79 Actual	1979-80 Estimated	1980-81 Estimated
Total parimutuel pools	\$1,520,241	\$1,693,345	\$1,840,260
Receipts:			
Parimutuel license fee ..	101,525	116,601	125,760
Breakage	7,446	9,207	10,590
Sires stakes revenue	393	740	1,250
1% additional take-out for fairs	1,214	1,486	1,995
Unclaimed parimutuel tickets.....	1,201	1,630	1,725
Occupational license fees, fines and penal- ties miscellaneous revenue.....	1,474	863	875
Total.....	\$113,253	\$130,527	\$142,195
Distribution:			
General Fund	\$98,543	\$112,282	\$122,295
Fair and Exposition Fund	13,567	16,755	17,900
Wildlife Restoration Fund	750	750	750
Sires Stakes	393	740	1,250

up of seven categories: Medi-Cal aid reimbursements—\$132.0 million; interest income—\$400.0 million; pay patients and county board charges at hospitals—\$25.5 million; General Fund share of liquor license fees—\$11.0 million; private car tax—\$4.3 million; royalties from oil and gas production on state-owned lands—\$84.9 million; and other—including charges for certain services to business and individuals and sales of property—\$127.5 million.

ALTERNATIVE FORECASTS

The alternative economic forecasts outlined on pages A-97 through A-99 will result in different revenue estimates. The deeper and more prolonged recession of the low forecast and the relatively sluggish recovery could be expected to reduce General Fund revenues by approximately \$400 million between now and June 1980. The high side alternative, which calls for a very short, mild recession with only a marginal impact on California, would lead to revenue collections approximately \$300 million greater than forecast for the remainder of this year. The following table compares the General Fund revenue estimates used in this Budget with revenue estimates based on both the high and low alternative economic forecasts.

TABLE 6

**Estimated General Fund Revenue
Based on High, Budget and Low Economic Outlooks
(In millions)**

	High Alternative	Budget Estimates	Low Alternative
1979-80			
Sales & use tax	\$6,790	\$6,460	\$6,130
Personal income tax.....	6,290	6,275	6,160
Bank & corporation tax	2,566	2,566	2,566
Other sources	2,166	2,166	2,166
Total.....	\$17,812	\$17,467	\$17,022
Difference from Budget estimate	+ \$345		— \$445
1980-81			
Sales & use tax	\$7,750	\$7,240	\$6,740
Personal income tax.....	6,845	6,800	6,670
Bank & corporation tax	2,775	2,723	2,675
Other sources	2,302	2,302	2,302
Total.....	\$19,672	\$19,065	\$18,387
Difference from Budget estimate	+ \$607		— \$678

Other General Fund Revenue—\$785,240,000

Miscellaneous receipts for the General Fund will total \$785.2 million in the budget year; a decrease of 0.5 percent from the corresponding figure for the current year and up 9.9 percent from 1978-79. Miscellaneous revenue is made

SPECIAL FUND REVENUE

Provisions of the California Constitution, codes and statutes restrict the use of certain revenue for specified purposes, and these receipts are separately accounted in various spe-

cial funds. In general, they comprise three categories of income: (1) receipts from tax levies which are allocated to specified functions; (2) charges for special services to specific groups; and (3) rentals, royalties and other receipts earmarked for particular purposes. Motor vehicle taxes and fees illustrate the first of these classes. License fees for the regulation of business and professions are typical of the second. Oil and gas royalties are examples of the third. Interest received by the investment of special fund money is deposited in the fund for which the investments are held.

Motor vehicle taxes and fees account for 78 percent of all special fund revenue. Principal sources of this income are the motor vehicle fuel taxes, registration and weight fees and vehicle license fees. During the 1980-81 fiscal year, \$2.1 billion will be derived from the ownership or operation of motor vehicles. Approximately \$1,073.5 million of this revenue will be returned to local governments. The remainder will be available for various state programs related to transportation and services to vehicle owners.

Thirty percent of cigarette tax revenue is deposited in a special fund for distribution to cities and counties. In 1980-81 receipts for this fund are estimated at \$83 million.

Charges for special services to industry, business and the professions, together with hunting, fishing and liquor licenses, other regulatory fees and miscellaneous receipts will amount to \$45.6 million in 1980-81. Oil and gas revenues are estimated to total \$202.7 million. Interest from investments held for the various special funds is projected at \$400 million.

Motor Vehicle Fuel Taxes—\$902,900,000

The motor vehicle fuel license tax and the use fuel tax provide the major sources of funds for maintaining, replacing, and constructing state highway and transportation facilities.

The motor vehicle fuel license tax (gas tax) is a tax on the distribution of gasoline and other flammable liquids which are used in propelling motor vehicles, aircraft, and vessels. Distributions of diesel fuel, liquid petroleum gas (LPG), and kerosene are not included under this tax.

The current tax rates per gallon are as follows:

Motor vehicle fuel for highway use	7¢
Motor vehicle fuel for off-highway recreational use	7¢
Aircraft jet fuel	2¢
Fuel used in aircraft ¹	7¢
Fuel used in vessels.....	7¢

When the motor vehicle fuel license tax was first imposed in 1923, it was limited to the distribution of fuel used for motor vehicles. In 1969, distributions of jet fuel became taxable at a rate of 2 cents per gallon. Since 1965, refunds for the distribution of fuel used in aircraft have been limited to 5 cents per gallon. In 1968, the refund provision for fuel used in vessels was repealed. In 1972, refunds for the distribution of fuel in off-highway recreational vehicles were discontinued. These revenues are transferred, however, to the account which reflects the fuel's use; for example, revenues collected from the distribution of motor fuel used in aircraft are transferred to the Aeronautics Account.

Gasoline tax revenues are estimated on the basis of average gasoline consumption per vehicle and total vehicle registrations. Consumption per vehicle in 1978-79 amounted to 621.55 gallons and is projected at 605.47 gallons for 1979-80 and 598.09 gallons for 1980-81.

The use fuel tax is imposed on diesel fuel, liquefied petroleum gas (LPG), and natural gas for use on state highways. This tax augments the gasoline tax and is used for the construction and maintenance of highways. The enactment of the tax in 1937 was limited to diesel fuel, reflecting the increasing importance of diesel-powered motor vehicles. In 1959 LPG was shifted from the gasoline tax to the use fuel tax. In 1970 the use fuel tax was extended to natural gas.

The current rates are 7 cents per gallon of motor vehicle fuel or per 100 cubic feet of compressed natural gas, and 6 cents per gallon of LPG or liquid natural gas. In addition, a person may elect to pay a flat rate fuel tax based on vehicle weight in lieu of the tax on LPG. Local transit systems and certain common carriers pay 1 cent per gallon.

Highway consumption of diesel fuel is estimated by projecting the trend of past distribu-

¹ Subject to 5 cent refund.

tions with adjustments to reflect changes in the economy. Consumption of diesel fuel in 1979-80 is estimated to be about the same as in 1978-79, whereas a 5 percent increase is expected in 1980-81.

Revenues from motor vehicle fuel taxes are shown below:

	<i>(In thousands)</i>		
	<i>1978-79 Actual</i>	<i>1979-80 Estimated</i>	<i>1980-81 Estimated</i>
Gasoline	\$822,165	\$812,200	\$825,100
Use fuel	74,427	74,400	77,800
Totals	\$896,592	\$886,600	\$902,900

Motor Vehicle Fees—\$1,153,300,000

California has imposed motor vehicle registration and weight fees in their present form since 1923. Originally, the Legislature granted permission to local governments to license motor vehicles and to charge a flat fee of \$1 per vehicle. When the state's highway user taxes were revised by the Vehicle Act of 1923, registration fees for all vehicles were established at a flat rate and additional fees based on weight were imposed on commercial vehicles.

Registration fees are levied on all motor vehicles, trailers, semi-trailers and certain types of dollies. In addition to registration fees, commercial vehicles pay fees which range from \$5 to \$413 based on their unladen weight. The registration fee for most motor vehicles is \$11; since 1975 additional charges ranging from \$50 to \$300 are levied on vehicles with high compression engines.

New vehicle sales (autos, trucks, trailers and motorcycles) in California are estimated to total 1,640,000 units in 1979. In 1980 and 1981, sales are expected to reach 1,535,000 and 1,655,000 units, respectively.

Allowing for scrappage and vehicles entering and leaving the state, total fee-paid registrations at year-end are estimated at 18,833,500 for 1979, 19,163,500 for 1980, and 19,708,000 for 1981. Based on these estimates, registration and weight fees are expected to total \$375.0 million in the current year and \$385.0 million in the budget year. Drivers' license fees and various

other charges related to vehicle operation make up the balance of motor vehicle fees.

The vehicle license fee, established in 1935, is imposed for the privilege of operating a vehicle on the public highways of California. Prior to the imposition of the license fee, motor vehicles were taxed as personal property under the property tax. However, because local administration of the tax on vehicles proved inequitable and easy to evade, the vehicle license fee was established, and the local property tax on vehicles was repealed. Although it is a state imposed fee, the revenues collected, less certain deductions, are distributed to local governments on a population basis.

The vehicle license fee is calculated on the vehicle's "market value"—the manufacturer's suggested base price, not including options, adjusted by a depreciation schedule. For motor vehicles, the schedule is based on a nine-year depreciation period, while for trailer coaches an 18-year depreciation period is used. A rate of two percent is applied to the market value to determine the fee. Revenue from this source is therefore contingent on the number of vehicles in the State, the age distribution of those vehicles, and their original base price.

Total revenues from motor vehicle fees are:

	<i>(In thousands)</i>		
	<i>1978-79 Actual</i>	<i>1979-80 Estimated</i>	<i>1980-81 Estimated</i>
Registration, weight, and other fees	\$409,672	\$425,700	\$441,500
Vehicle license fees	612,185	642,400	711,800
Totals	\$1,021,857	\$1,068,100	\$1,153,300

Other Special Fund Revenue—\$648,342,000

For the most part, nontax revenue flowing to special funds represents regulatory fees on business and professions, charges for special services to designated groups, special accounts in the General Fund and royalties from oil and gas production on state-owned land.

For the budget year, these revenues will total \$648.3 million compared with \$628.6 million in the current year. Actual receipts in 1978-79 were \$512.2 million.

TABLE 7
SUMMARY OF STATE POPULATION, INCOME OF CALIFORNIA RESIDENTS, AND STATE TAX COLLECTIONS
Excluding Departmental, Interest and Miscellaneous Revenue

	Population ¹ July 1st (Thou- sands)	Personal Income ² (Millions)	Income per Capita	Fiscal Year	State Tax Collections			Taxes per Capita ³			Taxes per \$100 of Personal Income		
					General Fund (Thou- sands)	Special Funds (Thou- sands)	Total (Thou- sands)	General Fund	Special Funds	Total	General Fund	Special Funds	Total
CASH BASIS													
1950.....	10,643	\$19,774	\$1,858	1950-51	\$647,992	\$295,542	\$943,534	\$59.53	\$27.15	\$86.67	\$3.28	\$1.49	\$4.77
1951.....	11,130	22,756	2,045	1951-52	709,245	322,699	1,031,944	62.30	28.35	90.65	3.12	1.42	4.53
1952.....	11,638	25,214	2,167	1952-53	754,048	346,480	1,100,528	63.53	29.19	92.72	2.99	1.37	4.36
1953.....	12,101	27,002	2,231	1953-54	772,250	442,538	1,214,788	62.74	35.95	98.69	2.86	1.64	4.50
1954.....	12,517	27,682	2,212	1954-55	831,899	467,814	1,299,713	65.20	36.66	101.86	3.01	1.69	4.70
1955.....	13,004	30,378	2,336	1955-56	972,828	524,765	1,497,593	73.19	39.48	112.67	3.20	1.73	4.93
1956.....	13,581	33,177	2,443	1956-57	1,042,773	554,713	1,597,486	75.13	39.97	115.10	3.14	1.67	4.82
1957.....	14,177	35,497	2,504	1957-58	1,069,809	572,490	1,642,299	73.99	39.59	113.58	3.01	1.61	4.63
1958.....	14,741	37,325	2,532	1958-59	1,170,890	594,587	1,765,477	77.99	39.60	117.59	3.14	1.59	4.73
1959.....	15,288	40,844	2,672	1959-60	1,443,296	633,492	2,076,788	92.66	40.67	133.33	3.53	1.55	5.08
1960.....	15,863	43,020	2,712	1960-61	1,537,347	656,815	2,194,162	95.26	40.70	135.96	3.57	1.53	5.10
1961.....	16,412	45,379	2,765	1961-62	1,645,300	669,267	2,314,567	98.63	40.12	138.75	3.63	1.47	5.10
1962.....	16,951	48,802	2,879	1962-63	1,791,038	711,185	2,502,223	103.89	41.25	145.14	3.67	1.46	5.13
1963.....	17,530	52,111	2,973	1963-64	2,057,962	813,937	2,871,900	115.76	45.78	161.54	3.95	1.56	5.51
1964.....	18,026	56,171	3,116	1964-65	2,161,157	931,958	3,093,115	118.45	51.08	169.53	3.85	1.66	5.51
1965.....	18,464	59,855	3,242	1965-66	2,398,958	971,625	3,370,582	128.64	52.10	180.75	4.01	1.62	5.63
1966.....	18,831	64,913	3,447	1966-67	2,422,275	993,277	3,415,552	127.47	52.27	179.74	3.73	1.53	5.26
ACCURAL BASIS ⁴													
1966.....	18,831	64,913	3,447	1966-67	2,746,888	1,091,387	3,838,275	144.55	57.43	201.98	4.23	1.68	5.91
1967.....	19,175	69,540	3,627	1967-68	3,557,610	1,118,311	4,675,921	184.29	57.93	242.23	5.12	1.61	6.72
1968.....	19,432	76,114	3,917	1968-69	3,962,520	1,210,229	5,172,748	202.29	61.78	264.08	5.21	1.59	6.80
1969.....	19,745	82,828	4,195	1969-70	4,125,607	1,283,258	5,408,865	207.46	64.53	271.99	4.98	1.55	6.53
1970.....	20,023	88,553	4,423	1970-71	4,290,263	1,308,350	5,598,613	212.85	64.91	277.76	4.84	1.48	6.32
1971.....	20,266	94,206	4,648	1971-72	5,212,693	1,385,863	6,598,555	256.00	68.06	324.06	5.53	1.47	7.00
1972.....	20,447	102,539	5,015	1972-73	5,758,266	1,470,905	7,229,171	280.19	71.57	351.77	5.62	1.43	7.05
1973.....	20,670	112,641	5,449	1973-74	6,379,476	1,497,588	7,877,064	306.91	72.04	378.96	5.66	1.33	6.99
1974.....	20,915	125,579	6,004	1974-75	8,045,039	1,529,459	9,574,497	382.15	72.65	454.80	6.41	1.22	7.62
1975.....	21,216	139,472	6,574	1975-76	9,068,903	1,641,174	10,710,077	424.57	76.83	501.40	6.50	1.18	7.68
1976.....	21,550	155,626	7,222	1976-77	10,780,867	1,744,013	12,524,880	496.68	80.35	577.02	6.93	1.12	8.05
1977.....	21,900	175,155	7,998	1977-78	12,951,613	1,874,714	14,826,327	586.18	84.85	671.03	7.39	1.07	8.47
1978.....	22,314	199,010	8,919	1978-79	14,187,549	2,013,879	16,201,427	631.37	89.62	720.99	7.13	1.01	8.14
1979 [†]	22,694	226,510	9,981	1979-80 [†]	16,677,801	2,208,026	18,885,827	741.10	98.12	839.22	7.36	.97	8.33
1980 [†]	23,041	251,237	10,904	1980-81 [†]	18,280,124	2,361,071	20,641,195	799.38	103.25	902.62	7.28	.94	8.22

¹ Population estimated by the State Department of Finance.

² Personal income, 1950 through 1978, from estimates by the Office of Business and Economics, United States Department of Commerce. Data for 1979 and 1980 are estimates by the State Department of Finance.

³ Taxes per capita computed on the basis of population January 1, the midpoint of the fiscal year.

⁴ Beginning in 1966-67, most state revenues were placed on an accrual basis. Beginning in 1973-74, accounts receivable only are accrued.

[†] Estimated.

Data may not add due to rounding.

NOTE: Data are shown for 1966-67 on both bases in order to facilitate long-term comparisons.

TABLE 8
COMPARATIVE YIELD OF STATE TAXES, 1950-51 THROUGH 1980-81
(In thousands)

Year Ending June 30	Sales and Use	Personal Income	Bank and Corporation ¹	Cig- arette	Inheritance and Gift	Insur- ance	Distilled Spirits	Horse Racing	Liquor License Fees	Beer and Wine	Private Car	Motor Fuel ²	Motor Vehicle Fees ³	Transpor- tation Tax ⁴
CASH BASIS														
1951.....	\$399,243	\$75,891	\$98,245	-	\$23,671	\$23,447	\$16,094	\$16,368	\$8,106	\$3,796	\$891	\$149,907	\$117,680	\$10,194
1952.....	417,693	90,914	120,127	-	29,165	25,732	14,430	20,042	7,828	3,730	1,089	163,076	127,809	11,312
1953.....	460,110	94,551	119,127	-	23,474	29,171	15,615	20,960	8,687	4,069	1,127	170,871	139,406	13,359
1954.....	465,051	96,169	125,026	-	24,112	34,325	15,546	22,512	8,586	3,989	1,222	170,519	137,519	13,337
1955.....	492,917	106,738	133,661	-	30,250	38,501	16,108	22,838	9,213	4,172	1,301	244,588	185,505	13,921
1956.....	564,225	127,816	157,088	-	36,334	39,104	33,970	24,891	9,638	4,373	1,330	273,086	209,817	15,921
1957.....	600,102	143,290	167,431	-	38,540	42,529	34,902	26,695	10,616	4,361	1,424	291,364	219,266	16,965
1958.....	605,238	149,269	173,599	-	43,331	46,037	33,963	25,948	11,297	4,595	1,590	302,671	227,153	15,609
1959.....	631,514	160,553	174,003	-	44,943	105,832	36,685	28,087	11,962	5,129	1,712	317,789	236,177	11,171
1960.....	709,648	246,585	240,735	\$64,895	47,189	61,530	40,369	36,288	12,379	10,016	1,613	336,786	256,303	12,543
1961.....	711,702	269,103	272,718	66,024	76,803	66,745	41,274	37,260	13,044	9,704	1,668	350,801	264,842	12,475
1962.....	749,523	299,034	290,370	66,054	76,012	71,699	45,418	38,311	13,533	10,495	1,753	363,771	274,906	13,187
1963.....	813,465	322,012	311,251	70,194	92,432	77,970	48,152	41,663	13,939	10,659	1,808	386,215	298,356	14,106
1964.....	876,944	392,341	405,431	71,822	102,195	107,200	50,145	43,442	14,274	11,299	1,846	450,195	329,584	15,183
1965.....	939,649	410,109	416,247	74,477	114,464	95,199	53,915	47,560	14,596	12,422	2,017	542,822	353,607	16,030
1966.....	1,096,162	454,625	435,597	74,578	123,781	100,854	56,718	47,443	14,878	12,606	2,205	551,108	382,656	17,383
1967.....	1,053,249	500,086	453,292	75,597	114,413	107,186	59,564	49,311	14,954	13,751	2,477	548,287	405,061	18,323
ACCURAL BASIS⁵														
1967.....	1,190,750	626,697	453,292	78,191	141,899	131,226	64,733	49,311	14,954	14,964	2,477	643,698	405,061	21,023
1968.....	1,464,927	952,487	576,874	219,272	135,554	121,155	81,700	54,799	15,736	13,196	2,932	580,487	437,918	18,882
1969.....	1,652,979	1,101,691	592,303	237,328	158,815	130,312	85,494	59,839	18,821	14,118	3,865	625,667	469,655	21,858
1970.....	1,753,611	1,152,053	587,013	236,878	164,299	136,733	89,793	58,244	19,401	16,115	3,739	668,537	498,992	23,458
1971.....	1,808,052	1,264,383	532,091	239,721	185,699	158,423	90,765	64,601	20,630	15,791	4,148	674,635	513,201	25,456
1972.....	2,015,993	1,785,618	662,522	247,424	220,192	170,179	94,717	69,380	20,082	17,374	4,552	712,426	547,844	28,623
1973.....	2,198,523	1,884,058	866,117	253,602	260,119	179,674	96,907	72,693	20,732	17,977	5,701	746,196	596,922	29,949
1974.....	2,675,738	1,831,964	1,057,191	238,921	231,934	201,697	100,554	78,289	21,152	18,758	7,333	742,102	644,443	6,384
1975.....	3,376,153	2,581,584	1,253,673	261,975	242,627	202,991	100,856	86,637	24,017	19,893	6,964	752,234	664,453	442
1976.....	3,742,524	3,089,963	1,286,515	268,610	316,648	241,224	104,697	96,117	18,511	20,616	7,753	766,555	749,936	408
1977.....	4,313,909	3,761,356	1,641,500	269,384	367,964	322,476	105,275	102,702	23,001	22,210	7,373	810,321	807,782	108
1978.....	5,030,438	4,667,887	2,082,208	273,658	365,092	387,560	109,088	111,591	23,921	22,972	8,277	850,181	924,411	-
1979.....	5,780,919	4,761,571	2,381,223	268,816	416,955	420,184	114,922	113,253	26,056	25,137	3,325	896,591	1,021,857	-
1980.....	6,570,000	6,275,000	2,610,000	272,500	491,900	443,000	112,100	130,327	25,995	26,100	4,260	886,600	1,068,100	-
1981.....	7,365,000	6,800,000	2,800,000	278,000	568,800	490,000	113,500	142,195	25,170	27,500	4,300	902,900	1,153,300	-

¹ Includes the corporation income tax.

² Motor vehicle fuel tax (gasoline), use fuel tax (diesel and liquefied petroleum gas).

³ Registration and weight fees, motor vehicle license fees and other fees.

⁴ Repealed as of July 1, 1973.

⁵ Beginning in 1966-67, most state revenues were placed on an accrual basis. Beginning with 1973-74, accounts receivable only are accrued.

† Estimated.

NOTE: Data are shown for 1966-67 on both bases in order to facilitate long-term comparisons.

TABLE 9
OUTLINE OF STATE TAX SYSTEM AS OF JANUARY 1, 1980

Major Taxes and Fees	Reference		Base or Measure	Rate	Administering Agency	Fund
	Code	Sections				
Alcoholic Beverage Excises:						
Beer	R & T (1)	32151(a)	Gallon	\$0.04	Equalization (2)	General
Distilled spirits	R & T	32201(a)	Gallon	2.00	Equalization	General
Wine:						
Dry	R & T	32151(b)	Gallon .....	.01	Equalization	General
Sweet	R & T	32151(c)	Gallon .....	.02	Equalization	General
Sparkling	R & T	32151(d)	Gallon .....	.30	Equalization	General
Sparkling hard cider	R & T	32151(e)	Gallon .....	.02	Equalization	General
Bank and Corporation:						
General corporations	R & T	23151	Net income	9.6% (3)	Franchise (4)	General
		23501				
Banks and financial corporations	R & T	23183	Net income	11.6%	Franchise	General and Financial Aid to Local Agencies (5)
Cigarette	R & T	30101	Package	\$0.10 (6)	Equalization	Cigarette Tax Fund (7)
Energy Resources Surcharge	R & T	40032	Kilowatt hours	\$0.0002	Equalization	Energy Resources Surcharge Fund
Gift	R & T	15201	Market value	3-24%	Controller	General
Horse Racing License	B & P (8)	19611	Amt. wagered	1.0-7.5%	Horse Racing Board ..	Fair and Expo. (9), Wildlife Restoration and General
		19612	Breakage	0-100%		
		19614				
		19491				
Inheritance	R & T	13401	Market value	3-24%	Controller	General
Insurance	R & T	12202	Gross Premiums	2.35% (10)	Insurance Dept.	General
Liquor License Fees	B & P	23320	Type of license	Various	Alcoholic Beverage Control Dept.	Alcohol Bev. (11) and General
Motor Vehicle:						
Vehicle license fees	R & T	10751	Market value	2%	Motor Vehicle Dept. ..	Vehicle License Fee (12)
Fuel—gasoline	R & T	7351	Gallon	\$0.07	Equalization	Fuel (13)
Fuel—diesel	R & T	8651	Gallon .....	.07	Equalization	Fuel
Registration fee	Vehicle	9250	Vehicle	11.00	Motor Vehicle Dept. ..	Motor Veh. (14)
Weight fees	Vehicle	9400	Unladen weight	Various	Motor Vehicle Dept. ..	Motor Vehicle
Personal Income	R & T	17041	Taxable income	1-11%	Franchise	General
Preference Income:						
Bank and corporation	R & T	23400	Preference income over \$30,000	2.5%	Franchise	General
Personal	R & T	17062	Preference income over \$4,000 (single), \$8,000 (joint, head of household, or surviving spouse)	0.5-5.5%	Franchise	General
Private Railroad Car	R & T	11401	Valuation	(15)	Equalization	General
Retail Sales and Use	R & T	6051	Receipts from sales or lease of taxable items	4.75%	Equalization	General and State Transportation Fund
		6201				

(1) Revenue and Taxation Code.

(2) State Board of Equalization.

(3) Minimum Tax \$200 per year.

(4) Franchise Tax Board.

(5) The revenue attributable to the 2 percent bank tax rate goes to the Financial Aid to Local Agencies Fund.

(6) This tax is levied at the rate of 5 mills per cigarette.

(7) 30 percent of the cigarette tax is remitted to local jurisdictions.

(8) Business and Professions Code.

(9) For support of county fairs and similar activities.

(10) Ocean marine insurance is taxed at the rate of 5 percent of underwriting profit attributable to California business. A special rate also applies to certain types of insurance and annuities.

(11) For return to cities and counties.

(12) For payment of administrative costs and apportionment to counties, cities and school districts.

(13) For administrative expense and apportionment to state, counties and cities for highways, airports and small craft harbors.

(14) For support of State Department of Motor Vehicles, California Highway Patrol, state highways and environmental protection.

(15) Average property tax rate in the State during preceding year.

CLASSIFICATION OF FUNDS IN THE STATE TREASURY

Revenues and expenditures in the program budget and the summary schedules reflect the activities of many separate funds. Schedules 4 and 5 provide a complete list of these funds. The Index lists those funds for which Fund Conditions are included in the budget and references the page number. General Fund and Special Fund expenditures represent the cost of government and are included in budget totals; and along with selected Bond Funds, are included in the overall expenditure totals.

GENERAL FUND—Used to account for all revenues and activities financed therefrom which are not required by law to be accounted by any other fund. Most state expenditures are financed from the General Fund. Normally, the only difference between the General Fund and the other governmental cost funds is the restriction placed on the use of revenues of the other governmental cost funds.

SPECIAL FUNDS—Consists of governmental cost funds used to account for taxes and revenues which are restricted by law for particular functions or activities of government. The funds included in these classifications are primarily for the regulation of businesses, professions and vocations; transportation; law enforcement and capital outlay.

General Fund Special Accounts—Legislatively created accounts or dedicated revenues within the General Fund. Moneys credited to such accounts may be used only for the purposes specified in the legislation. As a result of Chapter 942, Statutes of 1977, these special accounts are treated as special funds and revenues and expenditures are included in the special funds totals in the summary schedules of the budget. They are therefore excluded from the General Fund Unrestricted revenues, expenditures, reserves and balance available.

OTHER FUNDS—See Schedule 5 for a list of funds which do not represent a cost of government. Expenditures from these funds are not included in the budget totals. They consist of moneys which were derived from sources other than general or special taxes, licenses, fees or other state revenues. Included are receipts from the Federal Government, funds created for accounting purposes, receipts from sale of lands, or moneys held in trust. These funds are segregated into the following classifications:

Working Capital and Revolving Funds—Funds created to finance internal service activities rendered by a state agency to other state agencies or to local governments for which charges are made at cost. The charges are reflected as expenditures in the budget of the agency receiving the commodity or service.

Public Service Enterprise Funds—Self-supporting activities operated by the State for the benefit of the public. Funds are derived from charges to those who use the service and no support is derived from taxes, licenses or other state revenues.

Bond Funds—Used to account for the receipt and disbursement of proceeds from the sale of bonds and to finance projects for which the bonds were authorized. Expenditures are considered a cost of government at the time interest payments are made and as the bonds are redeemed.

Retirement Funds—Moneys held in trust by the State for retirement benefit payments.

Trust and Agency Funds—Funds holding moneys in trust pending disbursements to trustors, moneys received from the Federal Government to be expended for specific purposes, and other funds which do not derive their sources from taxes or other state revenues, or are in the nature of transitory funds created for the convenience of accounting receipts or disbursements which are not necessarily revenues or expenditures.

SELECTED BOND FUNDS—Included in the overall expenditure totals of Schedules 1, 3 and 7 for budget purposes are expenditures from the following funds:

Health Science Facilities Construction Program Fund.

Recreation and Fish and Wildlife Enhancement Fund.

State Beach, Park, Recreational and Historical Facilities Fund (of 1964).

State Beach, Park, Recreational and Historical Facilities Fund (of 1974).

State Clean Water (Bond) Fund.

State Construction Program Fund.

California Safe Drinking Water Fund.

State, Urban, and Coastal Park Fund (Bond Act of 1976).

California Coastal Conservancy

Schedule 2

COMPARATIVE STATEMENT OF REVENUES: FISCAL YEARS 1978-79, 1979-80, AND 1980-81

Sources	Actual 1978-79			Estimated 1979-80			Estimated 1980-81		
	General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
MAJOR TAXES AND LICENSES									
Alcoholic Beverage Taxes and Fees:									
(a) Excise Tax on Beer and Wine	\$25,136,892	-	\$25,136,892	\$26,100,000	-	\$26,100,000	\$27,500,000	-	\$27,500,000
(b) Excise Tax on Distilled Spirits	114,922,091	-	114,922,091	112,000,000	-	112,000,000	113,500,000	-	113,500,000
Bank and Corporation Tax	2,381,223,084	-	2,381,223,084	2,566,418,900	-	2,566,418,900	2,723,029,000	-	2,723,029,000
Cigarette Tax	189,779,550	\$79,036,113	268,815,663	191,000,000	\$81,500,000	272,500,000	195,000,000	\$76,971,000	271,971,000
Gift Tax	-	14,708,709	14,708,709	16,000,000	-	16,000,000	17,500,000	-	17,500,000
Horse Racing Revenues	98,542,930	14,709,948	113,252,878	112,281,875	18,245,125	130,527,000	122,295,000	19,900,336	142,195,336
Inheritance Tax	402,246,030	-	402,246,030	475,900,000	-	475,900,000	551,300,000	-	551,300,000
Insurance Companies Tax	420,184,303	-	420,184,303	443,000,000	-	443,000,000	490,000,000	-	490,000,000
Motor Vehicle License Fees ("In-Lieu" Tax)	-	570,312,455	570,312,455	-	601,400,000	601,400,000	-	668,200,000	668,200,000
Motor Vehicle Fuel Tax:									
(a) Gasoline	-	822,164,708	822,164,708	-	812,200,000	812,200,000	-	825,100,000	825,100,000
(b) Diesel and Liquefied Petroleum Gas	-	74,426,568	74,426,568	-	74,400,000	74,400,000	-	77,800,000	77,800,000
Motor Vehicle Registration and Other Fees	-	409,671,978	409,671,978	-	425,700,000	425,700,000	-	441,500,000	441,500,000
Personal Income Tax	4,761,570,976	-	4,761,570,976	6,275,000,000	-	6,275,000,000	6,800,000,000	-	6,800,000,000
Retail Sales and Use Taxes	5,779,233,989	1,684,765	5,780,918,754	6,460,000,000	110,000,000	6,570,000,000	7,240,000,000	125,000,000	7,365,000,000
Trailer Coach Fees	-	41,872,394	41,872,394	-	41,000,000	41,000,000	-	43,600,000	43,600,000
TOTALS, MAJOR TAXES AND LICENSES	\$14,187,548,554	\$2,013,878,929	\$16,201,427,483	\$16,677,800,775	\$2,208,026,225	\$18,885,827,000	\$18,280,124,000	\$2,361,071,336	\$20,641,195,336
OTHER REVENUES									
Liquor License Fees	\$11,876,797	-	\$11,876,797	\$11,820,000	-	\$11,820,000	\$10,995,000	-	\$10,995,000
Private Railroad Car Tax	3,325,052	-	3,325,052	4,260,000	-	4,260,000	4,300,000	-	4,300,000
Off-Highway Motor Vehicle License Fees ("In-Lieu" Tax)	-	422,545	422,545	-	440,000	440,000	-	440,000	440,000
Off-Highway Motor Vehicle Registration and Other Fees	-	1,373,931	1,373,931	-	1,575,000	1,575,000	-	1,611,000	1,611,000
Personalized License Plates	-	7,570,527	7,570,527	-	10,714,800	10,714,800	-	12,836,600	12,836,600
Architecture Public Building Fees	-	2,360,000	2,360,000	-	2,537,509	2,537,509	-	3,033,510	3,033,510
Corporation Licenses, Permits and Examination Fees	5,037,218	-	5,037,218	7,782,517	-	7,782,517	5,570,946	-	5,570,946
County Board Charges:									
Mental Health Patients and Clinic Fees	-	-	-	5,555,535	-	5,555,535	11,111,070	-	11,111,070
Pay Patients Board Charges and Clinic Fees	-	-	-	-	-	-	-	-	-
State Hospital Patients	16,807,370	-	16,807,370	14,767,023	-	14,767,023	14,347,710	-	14,347,710
Teacher Credential Fees	-	2,362,961	2,362,961	-	2,711,220	2,711,220	-	3,176,220	3,176,220
Receipts from Health Care Deposit Fund	114,728,775	-	114,728,775	121,197,400	-	121,197,400	132,496,836	-	132,496,836
Medicare Receipts from the Federal Government	-	-	-	-	-	-	-	-	-
Department of Food and Agriculture	6,863,976	-	6,863,976	6,384,089	-	6,384,089	5,680,984	-	5,680,984
Department of Consumer Affairs	77,744	20,051,928	20,129,672	66,500	20,987,844	21,054,344	66,500	25,307,179	25,373,679
Electrical Energy Surcharge	244,739	35,591,716	35,836,455	245,135	31,728,075	31,973,210	245,135	56,488,043	56,733,178
Telephone Users Surcharge	-	18,065,835	18,065,835	-	18,786,038	18,786,038	-	26,424,705	26,424,705
Litter Control Fees	-	14,068,716	14,068,716	-	14,200,000	14,200,000	-	14,200,000	14,200,000
Department of Real Estate	-	555,708	555,708	-	-743,025	-743,025	-	-	-
Department of Fish and Game	-	9,461,904	9,461,904	-	9,692,500	9,692,500	-	9,592,500	9,592,500
Department of Insurance	-	31,800,472	31,800,472	-	31,544,600	31,544,600	-	31,842,200	31,842,200
Interest on Investments:	7,834,806	156,100	7,990,906	8,820,000	269,400	9,089,400	9,600,000	460,157	10,060,157
(a) Interest Income	28,870	-	28,870	25,000	-	25,000	25,000	-	25,000
(b) Pooled Money Investments	446,351,954	-	446,351,954	500,000,000	-	500,000,000	400,000,000	-	400,000,000
(c) Surplus Money Investments	-	86,467,232	86,467,232	-	93,166,498	93,166,498	-	80,965,688	80,965,688
(d) Condemnation Deposit Investments	39,648	640,668	680,316	40,000	285,000	325,000	40,000	275,000	315,000
(e) Other Interest Income	423,761	856,607	1,280,368	160,700	1,543,209	1,703,909	309,650	1,766,600	2,076,250
Oil and Gas Revenues:									
(a) Revenues Collected by State Lands Division	-	-	-	6,083,960	-	6,083,960	84,890,440	-	84,890,440
(b) Federal Lands	6,616,925	96,853,429	103,470,354	-	184,267,040	184,267,040	-	180,675,560	180,675,560
(c) Other	-	16,665,405	16,665,405	-	19,165,000	19,165,000	-	22,040,000	22,040,000
Penalties and Interest on Unemployment Contributions	1,099,014	-	1,099,014	1,102,500	-	1,102,500	1,102,500	-	1,102,500
	-	9,072,974	9,072,974	-	10,450,000	10,450,000	-	12,350,000	12,350,000

Schedule 2

COMPARATIVE STATEMENT OF REVENUES: FISCAL YEARS 1977-78, 1978-79, AND 1979-80—Continued

Sources	Actual 1978-79			Estimated 1979-80			Estimated 1980-81		
	General Fund	Special funds	Total	General Fund	Special funds	Total	General Fund	Special funds	Total
Penalties on Traffic Violations	-	38,260,186	38,260,186	-	40,335,093	40,335,093	-	42,735,093	42,735,093
Penalties on Criminal Convictions	-	4,184,848	4,184,848	-	4,120,189	4,120,189	-	4,120,189	4,120,189
Secretary of State—Fees and Miscellaneous	8,686,585	-	8,686,585	9,630,176	-	9,630,176	10,217,813	-	10,217,813
Public Utilities Commission	2,198,161	-	2,198,161	16,039,994	-	16,039,994	2,480,100	-	2,480,100
Proceeds Under Unclaimed Property Tax	29,117,496	-	29,117,496	30,405,000	-	30,405,000	35,759,000	-	35,759,000
Sales of State Property	11,283,685	194,204	11,477,889	15,378,631	202,500	15,581,131	12,030,011	202,500	12,232,511
State Beach and Park Service Fees	6,034,859	7,038,808	13,073,667	7,229,223	7,070,000	14,299,223	9,487,609	7,100,000	16,587,609
California Exposition and State Fair	4,017,039	-	4,017,039	4,510,368	-	4,510,368	4,647,708	-	4,647,708
Not Otherwise Classified	30,213,525	75,705,970	105,919,495	28,410,461	67,073,729	95,484,190	26,925,879	77,863,815	104,789,694
TOTALS, OTHER REVENUES	\$712,907,999	\$510,222,093	\$1,223,130,092	\$786,236,218	\$621,030,923	\$1,407,267,141	\$782,329,891	\$644,829,372	\$1,427,159,263
TOTALS, REVENUES	\$14,900,456,553	\$2,524,101,072	\$17,424,557,575	\$17,464,036,993	\$2,829,057,148	\$20,293,094,141	\$19,062,453,891	\$3,005,900,708	\$22,068,354,599
OTHER INCOME—TRANSFERS									
Bagley Conservation Fund	\$4,555,000	-	\$4,555,000	-	-	-	-	-	-
Collier Park Preservation	500,000	-	500,000	-	-	-	-	-	-
Driver Training Penalty Assessment Fund ..	26,149,767	-	26,149,767	\$39,744,355	-	39,744,355	\$20,182,196	-	20,182,196
Fair and Exposition Fund	-	-	-	1,028,956	-	1,028,956	1,129,256	-	1,129,256
Federal Revenue Sharing Fund ¹	276,200,000	-	276,200,000	276,200,000	-	276,200,000	276,200,000	-	276,200,000
Forest Resources Improvement Fund ¹	-	-	-	-	-	-	1,862,261	-	1,862,261
State Construction Program Fund ¹	980,549	980,549	980,549	-	-	-	-	-	-
State Instructional Materials Fund	9,661,286	9,661,286	9,661,286	-	-	-	-	-	-
TOTALS, OTHER INCOME	\$318,046,602	-	\$318,046,602	\$316,973,311	-	316,973,311	\$299,373,713	-	299,373,713
TOTALS, REVENUES AND TRANSFERS	\$15,218,503,155	\$2,492,896,255	\$17,711,399,410	\$17,781,010,304	\$2,788,283,837	\$20,569,294,141	\$19,361,827,604	\$2,984,589,256	\$22,346,416,860

¹ Not recorded as reduction in special funds as these funds are nongovernmental cost funds and receipts are not included in budget totals.

Schedule 3

COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND
FISCAL YEARS 1978-79, 1979-80, AND 1980-81

	Actual 1978-79			Estimated 1979-80			Estimated 1980-81		
	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total
LEGISLATIVE/JUDICIAL/EXECUTIVE									
LEGISLATIVE:									
Legislature:									
Senate.....	\$18,362,655	-\$2,721,944	\$15,640,711	\$18,653,488	\$925,129	\$19,578,617	\$23,481,773	\$504,433	\$23,986,206
Assembly.....	27,293,964	-944,335	26,349,629	30,585,426	2,728,469	33,313,895	37,927,264	93,946	38,021,210
Joint Expenses.....	12,991,627	-2,222,964	10,768,663	13,913,574	1,681,100	15,594,674	15,289,329	1,190,000	16,479,329
Totals, Legislature.....	\$58,648,246	-\$5,889,843	\$52,758,403	\$63,152,488	\$5,334,698	\$68,487,186	\$76,698,366	\$1,788,379	\$78,486,745
Legislative Counsel Bureau.....	6,331,504	-	6,331,504	7,230,121	-	7,230,121	7,518,474	-	7,518,474
Law Revision Commission.....	279,794	-	279,794	342,419	-	342,419	347,751	-	347,751
Commission on Uniform State Laws.....	39,095	-	39,095	39,395	-	39,395	43,142	-	43,142
Contributions to Legislators' Retirement Fund.....	605,651	-	605,651	620,000	-	620,000	660,000	-	660,000
Totals, Legislative.....	\$65,904,290	-\$5,889,843	\$60,014,447	\$71,384,423	\$5,334,698	\$76,719,121	\$83,267,733	\$1,788,379	\$85,056,112
Judicial:									
Judicial.....	\$20,044,228	\$39,029	\$20,083,257	\$24,807,816	\$44,743	\$24,852,559	\$25,504,571	\$44,778	\$25,549,349
Contributions to Judges' Retirement Fund.....	601,807	-	601,807	735,708	-	735,708	827,487	-	827,487
National Center for State Courts.....	14,000	-	14,000	14,000	-	14,000	14,000	-	14,000
Totals, Judicial.....	\$20,660,035	\$39,029	\$20,699,064	\$25,557,524	\$44,743	\$25,602,267	\$25,546,058	\$44,778	\$25,590,836
Executive:									
Governor.....	\$3,101,406	-	\$3,101,406	\$3,796,944	-	\$3,796,944	\$4,061,494	-	\$4,061,494
Secretary for State and Consumer Services.....	365,528	-	365,528	424,553	-	424,553	742,685	-	742,685
Secretary for Business and Transportation.....	51,240	\$427,334	478,574	87,081	\$765,419	852,500	188,173	\$761,947	950,120
Secretary for Health and Welfare.....	1,173,953	-	1,173,953	1,653,727	-	1,653,727	2,178,567	-	2,178,567
Secretary for Resources.....	859,096	-	859,096	964,960	-	964,960	1,011,859	-	1,011,859
Secretary for Youth and Adult Correctional Agency.....	-	-	-	-	-	-	238,512	-	238,512
Office for Citizen Initiative and Voluntary Action.....	-	-	-	146,864	-	146,864	153,930	-	153,930
Southwest Border Regional Commission.....	-	-	-	-	-	-	30,000	-	30,000
Office of Employee Relations.....	355,640	-	355,640	668,639	-	668,639	709,341	-	709,341
Office of Planning and Research.....	2,184,032	125,000	2,309,032	2,603,814	-	2,603,814	2,975,537	-	2,975,537
Office of Emergency Services.....	2,155,556	-	2,155,556	2,692,961	318,970	3,011,931	3,322,270	200,830	3,523,100
Lieutenant Governor.....	754,802	-	754,802	920,536	-	920,536	921,833	-	921,833
Commission of the Californias.....	79,737	-	79,737	81,014	-	81,014	84,366	-	84,366
Department of Justice.....	60,167,784	10,251,225	70,419,009	72,728,316	11,426,760	84,155,076	74,632,905	12,247,697	86,880,602
State Controller.....	25,675,652	1,483,278	27,158,930	31,983,601	1,726,802	33,710,403	33,833,349	1,763,005	37,596,354
Board of Equalization.....	46,401,122	3,723,053	50,124,175	56,268,666	3,157,429	59,426,095	58,426,771	2,950,497	61,377,268
Secretary of State.....	6,682,769	-	6,682,769	10,473,438	-	10,473,438	9,889,386	-	9,889,386
Commission on Voting Machines and Vote Tabulating Devices.....	2,254	-	2,254	5,000	-	5,000	10,350	-	10,350
State Treasurer.....	1,952,949	-	1,952,949	2,603,565	-	2,603,565	2,774,552	-	2,774,552
Totals, Executive.....	\$151,963,520	\$16,009,890	\$167,973,410	\$188,103,679	\$17,395,380	\$205,499,059	\$198,205,880	\$17,923,976	\$216,129,856
TOTALS, LEGISLATIVE/JUDICIAL/EXECUTIVE.....	\$238,527,845	\$10,159,076	\$248,686,921	\$285,045,626	\$22,774,821	\$307,820,447	\$309,819,671	\$19,757,133	\$329,576,804
STATE AND CONSUMER SERVICES									
Museum of Science and Industry.....	\$2,459,345	-	\$2,459,345	\$2,943,434	-	\$2,943,434	\$3,192,609	-	\$3,192,609
Department of Consumer Affairs:									
Board of Behavioral Science Examiners.....	-	\$259,124	259,124	-	\$324,227	324,227	-	\$336,517	336,517
Board of Dental Examiners.....	-	1,187,739	1,187,739	-	1,307,776	1,307,776	-	1,391,761	1,391,761
Board of Guide Dogs for the Blind.....	8,820	-	8,820	13,252	-	13,252	13,620	-	13,620
Medical Quality Assurance.....	-	6,578,532	6,578,532	-	8,871,520	8,871,520	-	9,481,527	9,481,527
Board of Examiners of Nursing Home Administrators.....	-	113,885	113,885	-	137,878	137,878	-	203,290	203,290

Schedule 3

COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND
FISCAL YEARS 1978-79, 1979-80, AND 1980-81—Continued

	Actual 1978-79			Estimated 1979-80			Estimated 1980-81		
	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total
Board of Optometry.....	-	182,018	182,018	-	227,275	227,275	-	233,551	233,551
Board of Pharmacy.....	-	1,241,826	1,241,826	-	1,399,781	1,399,781	-	1,443,700	1,443,700
Board of Registered Nursing.....	-	1,936,311	1,936,311	-	2,110,270	2,110,270	-	2,249,644	2,249,644
Board of Examiners in Veterinary Medicine.....	-	293,513	293,513	-	373,733	373,733	-	405,398	405,398
Board of Vocational Nurse and Psychiatric Technician Examiners.....	-	1,230,116	1,230,116	-	1,415,543	1,415,543	-	1,460,854	1,460,854
Board of Accountancy.....	-	1,041,536	1,041,536	-	1,202,836	1,202,836	-	1,291,025	1,291,025
Cemetery Board.....	-	148,196	148,196	-	171,868	171,868	-	176,465	176,465
Bureau of Collection and Investigative Services.....	-	824,709	824,709	-	1,185,464	1,185,464	-	1,326,888	1,326,888
Tax Preparer's Program.....	-	234,227	234,227	-	134,408	134,408	-	138,467	138,467
Board of Architectural Examiners.....	-	382,961	382,961	-	588,778	588,778	-	613,410	613,410
Registered Construction Inspectors.....	-	13,824	13,824	-	58,352	58,352	-	124,769	124,769
Contractors License Board.....	-	7,414,181	7,414,181	-	8,898,501	8,898,501	-	9,308,447	9,308,447
Board of Registration for Geologists and Geophysicists.....	-	95,812	95,812	-	114,862	114,862	-	120,546	120,546
Board of Landscape Architects.....	-	77,564	77,564	-	113,785	113,785	-	93,152	93,152
Board of Registration for Professional Engineers.....	-	1,232,458	1,232,458	-	1,415,450	1,415,450	-	1,317,899	1,317,899
Structural Pest Control Board.....	-	1,060,860	1,060,860	-	1,230,080	1,230,080	-	1,278,998	1,278,998
Athletic Commission.....	362,508	-	-	452,995	-	-	486,245	-	486,245
Bureau of Automotive Repair.....	-	2,556,987	2,556,987	-	3,107,717	3,107,717	-	3,346,979	3,346,979
Board of Barber Examiners.....	-	395,384	395,384	-	553,568	553,568	-	568,782	568,782
Board of Cosmetology.....	-	1,492,883	1,492,883	-	1,456,949	1,456,949	-	1,679,389	1,679,389
Bureau of Electronic and Appliance Repair.....	-	655,741	655,741	-	728,110	728,110	-	751,801	751,801
Bureau of Employment Agencies.....	-	311,651	311,651	-	342,619	342,619	-	416,604	416,604
Board of Fabric Care.....	-	418,288	418,288	-	502,386	502,386	-	456,636	456,636
Board of Funeral Directors and Embalmers.....	-	284,974	284,974	-	372,095	372,095	-	414,414	414,414
Bureau of Home Furnishings.....	-	781,027	781,027	-	903,588	903,588	-	936,069	936,069
Nurses Registry.....	-	13,645	13,645	-	21,897	21,897	-	25,377	25,377
Certified Shorthand Reporters Board.....	-	85,445	85,445	-	100,000	100,000	-	104,718	104,718
Division of Consumer Services.....	1,033,771	-	1,033,771	956,378	-	956,378	1,007,465	-	1,007,465
Consumer Advisory Council.....	31,153	-	31,153	45,026	-	45,026	62,733	-	62,733
Totals, Department of Consumer Affairs.....	\$1,436,252	\$32,545,417	\$33,981,669	\$1,467,651	\$39,371,316	\$40,838,967	\$1,570,063	\$41,697,077	\$43,267,140
Fair Employment and Housing.....	-	-	-	5,364,449	-	5,364,449	5,565,833	-	5,565,833
State Fire Marshal.....	2,888,908	-	2,888,908	2,950,462	-	2,950,462	3,484,195	-	3,484,195
Franchise Tax Board.....	63,498,904	-	63,498,904	75,004,253	-	75,004,253	78,452,093	-	78,452,093
Department of General Services.....	5,467,993	4,871,622	10,339,615	5,462,587	5,720,195	11,182,782	5,552,499	8,020,305	13,572,804
State Personnel Board.....	17,188,033	-	17,188,033	20,912,432	-	20,912,432	22,154,900	-	22,154,900
Public Employees Retirement System.....	74,985	-	74,985	172,175	-	172,175	106,538	-	106,538
Department of Veterans Affairs.....	-	-	-	-	-	-	-	-	-
General Activities.....	2,575,970	-	2,575,970	2,833,977	-	2,833,977	2,947,931	-	2,947,931
Veterans' Home of California.....	10,303,934	-	10,303,934	14,034,546	-	14,034,546	15,347,672	-	15,347,672
Totals, Department of Veterans Affairs.....	\$12,879,904	-	\$12,879,904	\$16,868,523	-	\$16,868,523	\$18,295,603	-	\$18,295,603
TOTALS, STATE AND CONSUMER SERVICES.....	\$105,894,324	\$37,417,039	\$143,311,363	\$131,145,966	\$45,091,511	\$176,237,477	\$138,374,333	\$49,717,382	\$188,091,715
BUSINESS AND TRANSPORTATION									
Business:									
Department of Alcoholic Beverage Control.....	\$11,169,924	-	\$11,169,924	\$12,430,605	-	\$12,430,605	\$12,450,227	-	\$12,450,227
Alcoholic Beverage Control Appeals Board.....	211,125	-	211,125	249,795	-	249,795	252,328	-	252,328
Banking Department.....	-1,000,000	\$3,995,812	2,995,812	-	\$4,980,375	4,980,375	-	\$5,413,989	5,413,989
Department of Corporations.....	5,387,697	-	5,387,697	7,266,500	-	7,266,500	8,058,001	-	8,058,001
Department of Economic and Business Development.....	4,218,416	-	4,218,416	5,229,857	-	5,229,857	7,872,401	-	7,872,401
Department of Housing and Community Development.....	8,774,606	-	8,774,606	9,680,848	-	9,680,848	11,890,542	-	12,500,542

Schedule 3

COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND
FISCAL YEARS 1978-79, 1979-80, AND 1980-81

	Actual 1978-79			Estimated 1979-80			Estimated 1980-81		
	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total
Housing Finance Agency.....	10,000,000	-	10,000,000	8,603,138	350,298	8,953,436	8,848,040	460,157	9,308,197
Department of Insurance.....	7,312,749	75,202	7,387,951	-	-	-	-	-	-
Riot and Civil Disorders Insurance.....	-	-	-	-	-	-	-	-	-
Department of Real Estate.....	-	9,355,621	9,355,621	-	12,260,261	12,260,261	-	12,260,261	12,260,261
Department of Savings and Loan.....	-	5,336,325	5,336,325	-	6,524,950	6,524,950	-	6,565,874	6,565,874
Totals, Business.....	\$45,864,666	\$18,762,960	\$64,627,626	\$41,583,839	\$24,115,884	\$65,699,723	\$49,371,539	\$25,742,044	\$75,113,583
Transportation:									
State Transportation Commission.....	-	584,245	584,245	-	927,577	927,577	-	968,005	968,005
Department of Transportation:									
Transportation Planning Program.....	-	4,541,953	4,541,953	-	5,695,880	5,695,880	-	5,502,317	5,502,317
Mass Transportation Program.....	-	4,932,051	4,932,051	-	18,166,560	18,166,560	-	25,056,565	25,056,565
Aeronautics Program.....	-	1,151,429	1,151,429	-	1,471,578	1,471,578	-	1,619,950	1,619,950
Highway Transportation.....	-	290,555,005	290,555,005	-	460,346,131	460,346,131	-	474,086,337	474,086,337
Totals, Department of Transportation.....	-	\$301,180,438	\$301,180,438	-	\$485,680,149	\$485,680,149	-	\$506,265,169	\$506,265,169
Office of Traffic Safety.....	-	-	-	-	293,460	293,460	-	303,150	303,150
Department of California Highway Patrol.....	-	214,837,092	214,837,092	-	271,691,121	271,691,121	-	269,432,104	269,432,104
Department of Motor Vehicles.....	-	140,563,716	140,563,716	-	162,544,825	162,544,825	-	164,261,292	164,261,292
Traffic Adjudication Board.....	-	-	-	-	-	-	-	1,198,045	1,198,045
Totals, Transportation.....	\$134,396	\$657,165,491	\$657,299,887	\$147,258	\$921,137,132	\$921,284,390	\$205,926	\$942,427,765	\$942,633,691
TOTALS, BUSINESS AND TRANSPORTATION.....	\$45,999,062	\$675,928,451	\$721,927,513	\$41,731,097	\$945,253,016	\$986,984,113	\$49,577,465	\$968,169,809	\$1,017,747,274
RESOURCES									
Special Resources Programs.....	\$814,201	-	\$814,201	\$770,181	-	\$770,181	\$850,469	-	\$850,469
Environmental Protection Program.....	-	\$280,000	280,000	-	\$63,000	63,000	-	-	-
California Conservation Corps.....	10,939,154	-	10,939,154	16,525,979	-	16,525,979	21,452,843	\$335,016	21,787,859
State Energy Resources Conservation and Development Commission.....	-	17,157,284	17,157,284	23,812,385	24,144,808	47,957,193	9,840,007	24,825,097	34,665,104
Renewable Resources Investment Program.....	-	-	-	10,000,000	-	10,000,000	-	-	-
Solid Waste Management Board.....	10,541,596	-	10,541,596	-	-	-	-	-	-
Air Resources Board.....	3,142,294	989,745	4,132,039	14,283,161	12,856,495	27,139,656	980,970	14,940,000	13,959,030
Colorado River Board.....	142,613	21,905,611	22,048,224	3,586,162	34,100,323	37,686,485	4,412,522	35,931,314	40,344,836
Department of Conservation.....	7,408,046	900,503	8,308,549	153,573	1,209,322	1,362,895	158,568	2,806,018	3,164,586
Department of Forestry.....	95,501,363	153,909	95,655,272	8,345,374	9,554,676	18,899,050	8,943,495	10,593,796	11,749,513
State Lands Commission.....	4,838,116	-	4,838,116	96,680,266	767,834	97,448,100	104,185,339	1,408,457	105,593,796
Seismic Safety Commission.....	440,654	-	440,654	5,906,578	-	5,906,578	6,163,960	725,000	6,888,960
Department of Fish and Game.....	2,364,385	-	2,364,385	380,336	-	380,336	312,883	-	312,883
Wildlife Conservation Board.....	-	30,726,613	30,726,613	5,007,671	33,080,288	38,087,959	4,912,324	35,378,247	40,290,571
Department of Boating and Waterways.....	246,064	210,021	456,085	322,447	322,447	644,894	249,004	330,111	579,115
California Coastal Commission.....	5,106,288	246,064	5,352,352	238,749	-	238,749	5,767,204	173,100	5,940,304
Department of Parks and Recreation.....	50,695,818	54,233,952	104,929,770	5,503,681	12,000	5,515,681	62,881,648	6,420,284	69,301,932
Division of Exposition and State Fair.....	6,909,007	265,000	7,174,007	7,913,287	265,000	8,178,287	8,124,381	265,000	8,389,381
San Francisco Bay Conservation and Development Commission.....	-	-	-	100,000	-	100,000	281,730	-	281,730
Department of Water Resources.....	654,658	654,658	1,309,316	679,877	-	679,877	720,683	-	720,683
State Water Resources Control Board.....	20,368,424	-	20,368,424	21,417,200	-	21,417,200	24,002,200	3,244,200	27,246,400
TOTALS, RESOURCES.....	\$229,614,790	\$74,147,330	\$303,762,120	\$273,191,810	\$112,405,084	\$385,596,894	\$275,086,153	\$126,781,844	\$401,867,997
HEALTH AND WELFARE									
Health and Welfare Agency Consolidated Data Center.....	\$1,480,000	-	\$1,480,000	-	-	-	-	-	-
Office of Statewide Health Planning and Development.....	668,780	\$1,680,000	2,348,780	\$1,259,094	\$1,839,228	\$3,098,322	\$1,357,435	\$1,967,973	\$3,325,408
TOTALS, HEALTH AND WELFARE.....	\$2,148,780	\$1,680,000	\$3,828,780	\$1,259,094	\$1,839,228	\$3,098,322	\$1,357,435	\$1,967,973	\$3,325,408

Schedule 3

COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND
FISCAL YEARS 1978-79, 1979-80, AND 1980-81—Continued

	Actual 1978-79			Estimated 1979-80			Estimated 1980-81		
	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total
Department of Aging.....	1,183,976	75,000	1,258,976	6,778,317	50,000	6,828,317	1,608,925	25,000	1,633,925
Department of Alcohol and Drug Programs.....	4,627,103	-	4,627,103	5,342,323	-	5,342,323	6,141,367	-	6,141,367
Governor's Advisory Committee on Child Care.....	74,991	-	74,991	90,596	-	90,596	105,972	-	105,972
Department of Health Services.....	53,262,953	902,454	54,165,407	71,652,942	1,523,292	73,176,234	78,466,558	10,876,007	89,342,565
Department of Developmental Services:									
General Activities.....	7,374,398	-	7,374,398	10,404,944	-	10,404,944	14,666,972	-	14,666,972
Department of Mental Health:									
General Activities.....	6,357,978	-	6,357,978	12,411,478	-	12,411,478	13,927,540	-	13,927,540
State Programs for the Mentally Ill.....	45,667,651	-	45,667,651	53,637,442	-	53,637,442	55,680,470	-	55,680,470
Totals, Department of Mental Health.....	\$52,025,629	-	\$52,025,629	\$66,048,920	-	\$66,048,920	\$69,408,010	-	\$69,408,010
Employment Development Department.....	\$13,748,972	\$9,204,076	\$22,953,048	\$28,386,210	\$8,503,813	\$36,890,023	\$26,220,291	\$5,279,000	\$31,499,291
Department of Rehabilitation.....	12,897,633	-	12,897,633	16,445,300	-	16,445,300	17,324,623	-	17,324,623
Department of Social Services.....	25,658,951	-	25,658,951	40,545,191	-	40,545,191	43,938,948	-	43,938,948
California Health Facilities Commission.....	-	1,616,016	1,616,016	-	2,085,758	2,085,758	-	2,100,217	2,100,217
TOTALS, HEALTH AND WELFARE.....	\$173,003,336	\$13,477,546	\$186,480,882	\$246,953,837	\$14,002,091	\$260,955,928	\$259,239,101	\$20,248,197	\$279,487,298
EDUCATION									
Education—K through 12:									
Department of Education:									
General Activities.....	\$22,221,055	-	\$22,221,055	\$26,029,842	-	\$26,029,842	\$29,102,469	-	\$29,102,469
Special Schools for the Handicapped.....	18,937,529	-	18,937,529	24,613,670	-	24,613,670	27,472,064	-	27,472,064
Division of Libraries.....	4,493,462	-	4,493,462	5,482,292	-	5,482,292	6,168,971	-	6,168,971
Totals, Department of Education.....	\$45,652,046	-	\$45,652,046	\$56,125,804	-	\$56,125,804	\$62,743,504	-	\$62,743,504
Advisory Council on Vocational Education.....	\$81,502	-	\$81,502	\$93,943	-	\$93,943	\$99,382	-	\$99,382
Commission for Teacher Preparation and Licensing.....	\$2,791,646	\$2,791,646	2,791,646	\$3,429,443	\$3,429,443	3,429,443	\$62,842,886	\$3,448,424	3,448,424
Totals, Education—K through 12.....	\$45,733,548	\$2,791,646	\$48,525,194	\$56,219,747	\$3,429,443	\$59,649,190	\$62,842,886	\$3,448,424	\$66,291,310
Higher Education:									
Postsecondary Education Commission.....	\$1,685,259	-	\$1,685,259	\$1,854,774	-	\$1,854,774	\$1,942,383	-	\$1,942,383
University of California.....	767,049,891	623,600	767,673,491	905,891,639	639,300	906,530,939	959,650,604	6,318,100	965,968,704
Hastings College of Law.....	4,197,485	-	4,197,485	5,412,429	-	5,412,429	6,210,471	-	6,210,471
California State University and Colleges.....	682,983,474	-	682,983,474	821,474,471	-	821,474,471	852,608,561	3,647,285	856,255,846
California Maritime Academy.....	2,186,409	-	2,186,409	2,721,430	-	2,721,430	3,004,448	-	3,004,448
Board of Governors of Community Colleges.....	2,468,105	-	2,468,105	2,885,783	-	2,885,783	3,197,517	-	3,586,737
Innovative Programs-Instruction Improvement.....	100,000	-	100,000	90,000	-	90,000	-	-	-
Student Aid Commission.....	71,969,993	-	71,969,993	79,572,432	-	79,572,432	83,027,590	-	83,027,590
Totals, Higher Education.....	\$1,532,640,616	\$971,093	\$1,533,611,709	\$1,819,902,958	\$1,056,109	\$1,820,959,067	\$1,999,641,574	\$10,354,605	\$1,919,996,179
TOTALS, EDUCATION.....	\$1,578,374,164	\$3,762,739	\$1,582,136,903	\$1,876,122,705	\$4,485,552	\$1,880,608,257	\$1,972,484,460	\$13,803,029	\$1,986,287,489
CORRECTIONAL PROGRAMS									
Department of Corrections.....	\$253,248,003	-	\$253,248,003	\$300,006,723	-	\$300,006,723	\$325,247,148	-	\$325,247,148
Board of Prison Terms.....	4,411,301	-	4,411,301	5,042,447	-	5,042,447	5,440,156	-	5,440,156
Youthful Offender Parole Board.....	-	-	-	942,699	-	942,699	2,069,140	-	2,069,140
Department of the Youth Authority.....	111,343,445	-	111,343,445	135,110,296	-	135,110,296	140,473,972	-	140,473,972
Institutional Review Board.....	-	-	-	-	-	-	56,400	-	56,400
TOTALS, CORRECTIONAL PROGRAMS.....	\$369,002,749	-	\$369,002,749	\$441,102,165	-	\$441,102,165	\$473,286,816	-	\$473,286,816

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COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND
FISCAL YEARS 1978-79, 1979-80, AND 1980-81—Continued

	Actual 1978-79			Estimated 1979-80			Estimated 1980-81		
	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total
GENERAL GOVERNMENT									
General Administration:									
Fair Political Practice Commission	\$1,359,504	-	\$1,359,504	\$1,581,079	-	\$1,581,079	\$1,609,626	-	\$1,609,626
Political Reform Act of 1974	2,598,846	-	2,598,846	2,014,553	-	2,014,553	2,065,921	-	2,065,921
Agricultural Labor Relations Board	6,702,923	-	6,702,923	8,187,437	-	8,187,437	8,642,244	-	8,642,244
Public Employment Relations Board	2,714,626	-	2,714,626	5,349,684	-	5,349,684	3,825,545	-	3,825,545
Department of Finance	9,660,816	-	9,660,816	9,850,626	-	9,850,626	10,825,838	-	10,825,838
California Fiscal Information System	983,000	-	983,000	4,038,245	-	4,038,245	6,682,667	-	6,682,667
Department of Food and Agriculture	21,584,997	\$15,380,176	36,965,173	26,312,623	\$20,888,226	47,200,849	27,907,047	\$23,899,600	51,806,647
Department of Industrial Relations	52,190,226	-	52,190,226	60,611,417	-	60,611,417	66,537,641	-	66,537,641
Uninsured Employers Fund	6,090,202	-	6,090,202	-	-	-	-	-	-
Workers Compensation Benefits:									
Workers Compensation Benefit for Subsequent Injury	2,235,247	2,003,527	4,237,774	2,320,000	2,000,000	4,320,000	2,790,000	2,000,000	4,790,000
Commission on Government Organization and Economy	238,385	-	238,385	184,646	-	184,646	190,653	-	190,653
Commission on Interstate Cooperation	88,265	-	88,265	78,964	-	78,964	79,014	-	79,014
Augmentation for Implementation of Rev Exec Reg Proc	-	-	-	-	-	-	2,000,000	1,000,000	3,000,000
California Arts Council	1,255,567	-	1,255,567	7,338,420	-	7,338,420	11,550,951	-	11,550,951
California Broadcasting Commission	684,197	-	684,197	666,088	-	666,088	804,200	-	804,200
Commission for Economic Development	256,576	-	256,576	288,555	-	288,555	303,305	-	303,305
Commission on State Finance	-	-	-	224,343	-	224,343	576,364	-	576,364
Military Department	9,280,503	-	9,280,503	12,817,797	-	12,817,797	11,574,409	-	11,574,409
Public Utilities Commission	15,787,330	8,770,259	24,557,589	16,521,007	10,701,180	27,222,187	17,235,408	13,036,255	30,271,663
Commission on the Status of Women	242,405	-	242,405	277,094	-	277,094	303,805	-	303,805
Intergovernmental Board on Electronic Data Processing	8,216	-	8,216	172,457	-	172,457	193,859	-	193,859
Native American Heritage Commission	158,966	-	158,966	15	-	15	-	-	-
Motion Picture Council	38,239	-	38,239	15	-	15	1,880,316	-	1,880,316
Horse Racing Board	-	1,129,774	1,129,774	1,689,731	-	1,689,731	237,543	-	237,543
Board of Osteopathic Examiners	-	186,111	186,111	220,660	-	220,660	367,756	-	367,756
Board of Chiropractic Examiners	-	282,751	282,751	351,445	-	351,445	61,251	-	61,251
Board of Pilot Commissioners	-	36,274	36,274	59,163	-	59,163	-	-	-
Santa Monica Mountains Comprehensive Plan Commission	150,721	-	150,721	11	37,461	37,472	-	-	-
California Information Systems Implementation Commission	42,516	-	42,516	50,721	-	50,721	51,994	-	51,994
Commission on Peace Officer Standards and Training	-	2,230,388	2,230,388	-	2,746,261	2,746,261	-	2,825,825	2,825,825
Office of Criminal Justice Planning	1,386,888	-	1,386,888	2,812,240	-	2,812,240	1,726,285	-	1,726,285
State Public Defender	4,935,755	-	4,935,755	6,166,916	-	6,166,916	6,502,915	-	6,502,915
Administration and Payment of Tort Liability Claims	150,000	123,918	273,918	500,000	-	500,000	500,000	-	500,000
State Board of Control	445,044	-	445,044	560,625	-	560,625	677,066	-	677,066
Indemnification of Private Citizens	4,544,880	428,797	4,973,677	5,550,858	2,346,869	7,897,727	3,496,914	4,598,349	8,095,263
State Bar of California	19,750	-	19,750	25,000	-	25,000	25,000	-	25,000
Totals, General Administration	\$145,834,590	\$30,570,975	\$176,405,565	\$174,501,421	\$41,040,996	\$215,542,417	\$188,678,671	\$49,941,895	\$238,620,566
Debt Service:									
Bond Interest and Redemption	\$185,840,723	-	\$185,840,723	\$198,303,029	-	\$198,303,029	\$220,224,280	-	\$220,224,280
Miscellaneous:									
Working Capital Advance	-	-	-	-6,250	-	-6,250	-6,250	-	-6,250

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FISCAL YEARS 1978-79, 1979-80, AND 1980-81—Continued

	Actual 1978-79			Estimated 1979-80			Estimated 1980-81		
	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total
Health Benefits for Annuitants.....	25,082,474	-	25,082,474	29,836,000	-	29,836,000	33,033,000	-	33,033,000
Legislative Claims.....	3,472,073	994,673	3,566,746	2,683,606	\$258,866	2,942,472	-	-	-
Totals, Miscellaneous.....	\$28,548,297	\$94,673	\$28,642,970	\$32,513,356	\$258,866	\$32,772,222	\$33,026,750	-	\$33,026,750
Unallocated:									
Augmentation for Employee Compensation.....	-	-	-	\$140,437,480	\$31,346,469	\$171,783,949	\$280,700,000	\$70,839,000	\$351,539,000
Reserve for Contingencies and Emergencies.....	-	-	-	1,099,613	1,385,401	2,485,014	1,500,000	1,500,000	3,000,000
Augmentation for Price Increases.....	-	-	-	7,082,616	1,819,714	8,902,330	6,218,000	2,919,000	9,137,000
Totals, Unallocated.....	-	-	-	\$146,619,709	\$34,551,584	\$181,171,293	\$288,418,000	\$75,258,000	\$363,676,000
TOTALS, GENERAL GOVERNMENT.....	\$360,223,610	\$30,665,648	\$390,889,258	\$553,937,515	\$75,851,446	\$629,788,961	\$730,347,701	\$125,199,895	\$855,547,596
Miscellaneous:									
Credits to General Fund for Overhead of Special Funds.....	-	-	-	-	-	-	-	-	-
Credits to General Fund for Overhead of Federal Funds.....	-	-	-	-	-	-	-	-	-
Estimated Unidentifiable Savings.....	-	-	-	-	-	-	-	-	-
Totals, Miscellaneous.....	-	-	-	-	-	-	-	-	-
TOTALS, STATE OPERATIONS.....	\$3,062,948,320	\$845,557,829	\$3,908,506,149	\$3,774,658,676	\$1,219,863,521	\$4,994,522,197	\$4,127,189,605	\$1,323,677,289	\$5,450,866,894
									\$5,469,199
CAPITAL OUTLAY									
LEGISLATIVE/JUDICIAL/EXECUTIVE									
Legislature:									
Joint Expenses.....	\$17,728,000	-	\$6,721,800	-	\$13,900,000	\$13,900,000	-	\$21,006,623	\$21,006,623
Judicial:									
Executive:									
Lieutenant Governor.....	13,800	-	13,800	\$868,487	-	868,487	\$75,000	-	75,000
Department of Justice.....	-	-	-	-	-	-	25,000	-	25,000
State Controller.....	455,557	-	455,557	50,674	-	50,674	45,466	-	45,466
Board of Equalization.....	100,500	-	100,500	-	-	-	90,000	-	90,000
Secretary of State.....	255,270	-	255,270	9,500	-	9,500	17,500	-	17,500
State Treasurer.....	25,000	-	25,000	-	-	-	39,000	-	39,000
Totals, Executive.....	\$836,327	-	\$836,327	\$60,174	-	\$60,174	\$216,966	-	\$216,966
TOTALS, LEGISLATIVE/JUDICIAL/EXECUTIVE.....	\$18,578,127	-	\$18,578,127	\$928,661	\$13,900,000	\$14,828,661	\$291,996	\$21,006,623	\$21,298,589
STATE AND CONSUMER SERVICES									
Museum of Science and Industry.....	\$152,839	-	\$152,839	\$61,300	-	\$61,300	\$99,000	\$20,000	\$119,000
Franchise Tax Board.....	336,097	-	336,097	20,000	-	20,000	160,784	-	160,784
Department of General Services.....	60,755,320	77,753	60,833,073	53,491,900	554,997	54,046,897	47,828,546	1,000,000	48,828,546
State Personnel Board.....	34,656	-	34,656	12,585	-	12,585	39,000	-	39,000
Department of Veterans Affairs:									
Veterans' Home of California.....	304,497	-	304,497	216,131	-	216,131	329,241	-	329,241
TOTALS, STATE AND CONSUMER SERVICES.....	\$61,583,409	\$77,753	\$61,661,162	\$53,801,916	\$554,997	\$54,356,913	\$48,456,571	\$1,020,000	\$49,476,571
BUSINESS AND TRANSPORTATION									
Transportation:									
State Transportation Commission.....	-	-	-	-	\$30,000	\$30,000	-	-	-

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FISCAL YEARS 1978-79, 1979-80, AND 1980-81—Continued

	Actual 1978-79			Estimated 1979-80			Estimated 1980-81				
	General Fund	Special funds	Budget Total	Selected Bond funds	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total	Selected Bond funds
Department of Transportation: Mass Transportation Program	-	\$367,186	\$367,186	-	-	40,227,243	40,227,243	-	\$38,000,000	\$38,000,000	-
Highway Transportation	-	176,496,625	176,496,625	-	-	193,948,082	193,948,082	-	117,017,883	117,017,883	-
Totals, Department of Transportation	-	\$176,863,811	\$176,863,811	-	-	\$234,175,325	\$234,175,325	-	\$155,017,883	\$155,017,883	-
Department of California Highway Patrol	-	\$844,589	\$844,589	-	-	\$2,846,757	\$2,846,757	\$28,000	\$6,202,815	\$6,230,815	-
Department of Motor Vehicles	\$200,000	5,603,403	5,603,403	-	-	8,981,202	8,981,202	-	9,699,810	9,699,810	-
Totals, Transportation	\$200,000	\$183,311,803	\$183,511,803	-	-	\$246,033,284	\$246,033,284	\$28,000	\$170,920,508	\$170,948,508	-
TOTALS, BUSINESS AND TRANSPORTATION	\$200,000	\$183,311,803	\$183,511,803	-	-	\$246,033,284	\$246,033,284	\$170,920,508	\$170,948,508	\$170,948,508	-
RESOURCES											
California Conservation Corps	\$888,621	-	\$888,621	-	\$251,000	-	\$251,000	\$200,990	\$227,000	\$427,990	-
Department of Forestry	3,347,019	-	3,347,019	-	4,100,253	-	4,100,253	3,538,144	-	3,538,144	-
State Lands Commission	-	-	-	-	3,600,000	-	3,600,000	-	-	-	-
Department of Fish and Game	492,155	\$204,483	696,638	-	\$4,843,023	-	\$4,843,023	-	5,557,320	5,557,320	-
Wildlife Conservation Board	156,082	74,356	230,438	\$4,640,785	339,983	2,918,500	3,258,483	-	2,082,500	2,082,500	-
Department of Boating and Waterways	-	-	-	1,605,333	-	-	-	-	-	-	\$823,780
California Coastal Conservancy	-	-	-	-	-	-	-	-	765,350	765,350	-
Department of Parks and Recreation	497,118	22,288,346	22,785,464	44,157,835	7,613,305	64,563,116	72,176,421	1,126,517	6,201,537	7,328,054	14,328,291
Division of Exposition and State Fair	673,918	-	673,918	-	1,585,300	-	1,585,300	1,201,000	1,000,000	1,201,000	-
Santa Monica Mountains Conservancy	-	-	-	-	-	-	-	-	1,000,000	1,000,000	-
Department of Water Resources	1,155,476	36,709,235	37,864,711	24,118	4,147,274	25,000,000	29,147,274	2,277,200	28,322,500	30,599,700	-
TOTALS, RESOURCES	\$7,210,389	\$59,276,420	\$66,486,809	\$50,428,071	\$22,647,012	\$97,324,639	\$119,971,651	\$8,343,851	\$44,156,207	\$52,500,058	\$15,152,071
HEALTH AND WELFARE											
Health and Welfare Agency CDC	\$47,840	-	\$47,840	-	\$735,360	-	\$735,360	-	-	-	-
Department of Health Services	1,064,570	-	1,064,570	-	803,879	-	803,879	\$745,729	\$233,899	\$979,628	-
Department of Developmental Services	11,760,085	-	11,760,085	-	117,887,117	-	117,887,117	70,358,183	78,250	70,436,433	-
Department of Mental Health	914,132	-	914,132	-	3,836,595	-	3,836,595	21,973,288	7,782,000	21,973,288	-
Employment Development Department	-	\$239,874	239,874	-	\$2,657,187	-	2,657,187	59,000	7,782,000	7,841,000	-
Department of Rehabilitation	-	-	-	-	-	-	-	49,920	49,920	49,920	-
Department of Social Services	80,169	-	80,169	-	-	-	-	83,500	-	83,500	-
TOTALS, HEALTH AND WELFARE	\$13,866,796	\$239,874	\$14,106,670	-	\$123,262,951	\$2,657,187	\$125,920,138	\$93,269,600	\$8,094,149	\$101,363,749	-
EDUCATION											
Education—K through 12:											
Department of Education	\$62,000	\$8,860,073	\$8,922,073	-	\$40,000	\$996,312	\$1,036,312	-	-	-	-
Special Schools for the Handicapped	-	-	-	-	-	-	-	-	-	-	-
Higher Education:											
University of California	-	29,124,800	29,124,800	\$17,092,872	-	14,949,500	14,949,500	-	\$18,238,000	\$18,238,000	\$1,295,000
Hastings College of Law	-	7,668,000	7,668,000	-	-	626,000	626,000	-	776,000	776,000	-
California State University and Colleges	74,700	11,812,294	11,886,994	11,866,030	-	23,896,661	23,896,661	-	11,625,500	11,625,500	-
California Maritime Academy	-	526,911	526,911	-	-	150,480	150,480	-	-	-	-
Board of Governors of Community Colleges	4,189,721	11,681,526	15,871,247	1,183,299	-	5,508,100	5,508,100	-	11,784,200	11,784,200	-
Totals, Higher Education	\$4,264,421	\$60,813,531	\$65,077,952	\$30,142,201	-	\$45,130,741	\$45,130,741	-	\$42,423,700	\$42,423,700	\$1,295,000
TOTALS, EDUCATION	\$4,326,421	\$69,673,604	\$74,000,025	\$30,142,201	\$40,000	\$46,127,053	\$46,167,053	-	\$42,423,700	\$42,423,700	\$1,295,000
CORRECTIONAL PROGRAMS											
Department of Corrections	\$2,772,376	-	\$2,772,376	-	\$15,377,350	-	\$15,377,350	\$133,149,203	-	\$133,149,203	-
Department of the Youth Authority	5,981,187	-	5,981,187	-	1,698,200	-	1,698,200	1,992,525	-	1,992,525	-
TOTALS, CORRECTIONAL PROGRAMS	\$8,753,563	-	\$8,753,563	-	\$17,075,550	-	\$17,075,550	\$135,141,728	-	\$135,141,728	-

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COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND
FISCAL YEARS 1978-79, 1979-80, AND 1980-81—Continued

	Actual 1978-79			Estimated 1979-80			Estimated 1980-81		
	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total
GENERAL GOVERNMENT									
General Administration:									
Agricultural Labor Relations Board	\$8,526	-	\$8,526	\$6,500	-	\$6,500	\$703,756	-	\$703,756
Department of Food & Agriculture	657,110	-	657,110	1,817,245	-	1,817,245	-	-	-
Department of Industrial Relations	25,000	-	25,000	-	-	-	-	-	-
Military Department	221,116	-	221,116	167,300	-	167,300	113,000	-	113,000
Public Utilities Commission	22,807	-	22,807	-	-	-	-	-	-
State Public Defender	2,615	-	2,615	-	-	-	-	-	-
Totals, General Administration	\$937,174	-	\$937,174	\$1,991,045	-	\$1,991,045	\$816,756	-	\$816,756
Unallocated Capital Outlay:									
Project Planning	160,805	-	160,805	447,295	-	447,295	300,000	-	300,000
Increased Cost of Construction	-	-	-	12,332,269	-	12,332,269	12,500,000	-	12,500,000
PWEA-Project Inspection	-	-	-	402,100	-	402,100	-	-	-
Totals, Unallocated Capital Outlay	\$160,805	-	\$160,805	\$13,181,664	-	\$13,181,664	\$12,800,000	-	\$12,800,000
TOTALS, GENERAL GOVERNMENT	\$1,097,979	-	\$1,097,979	\$15,172,709	-	\$15,172,709	\$13,616,756	-	\$13,616,756
TOTALS, CAPITAL OUTLAY	\$115,616,684	\$301,573,254	\$417,189,938	\$232,928,799	\$406,597,160	\$639,525,959	\$299,148,472	\$287,621,187	\$586,769,659
LOCAL ASSISTANCE									
Legislative/Judicial/Executive									
Judicial:									
Judicial-Legislative Mandates	370,209	-	370,209	2,774,235	-	2,774,235	2,588,408	-	2,588,408
Salaries of Superior Court Judges	23,856,048	-	23,856,048	26,956,289	-	26,956,289	28,002,978	-	28,002,978
State Block Grants for Superior Court Judges	4,440,000	-	4,440,000	7,140,000	-	7,140,000	7,140,000	-	7,140,000
Contributions to Judges' Retirement Fund	7,873,173	-	7,873,173	9,622,182	-	9,622,182	10,942,000	-	10,942,000
Totals, Judicial	\$36,541,430	-	\$36,541,430	\$46,492,706	-	\$46,492,706	\$48,673,386	-	\$48,673,386
EXECUTIVE:									
Office of Emergency Services	-	-	-	-	-	-	-	\$500,000	\$500,000
Natural Disaster Assistance	\$6,500,000	-	\$3,368,999	-	\$3,750,000	\$3,750,000	-	2,750,000	2,750,000
Department of Justice:									
Legislative mandates	29,755	-	29,755	\$140,031	-	140,031	\$135,000	-	135,000
Secretary of State:									
Subventions for Signatures in Lieu of Filing	356,810	-	356,810	23,500	-	23,500	319,191	-	319,191
Subventions for registration by mail	750,325	-	750,325	800,000	-	800,000	800,000	-	800,000
Subventions for voter registration file purge	1,044,988	-	1,044,988	-	-	-	592,712	-	592,712
Totals, Secretary of State	\$2,152,123	-	\$2,152,123	\$823,500	-	\$823,500	\$1,711,903	-	\$1,711,903
Totals, Executive	\$8,681,878	-	\$4,550,877	\$963,531	\$3,750,000	\$4,713,531	\$1,846,903	\$3,250,000	\$5,096,903
TOTALS, LEGISLATIVE/JUDICIAL/EXECUTIVE	\$45,223,308	-	\$41,092,307	\$47,456,237	\$3,750,000	\$51,206,237	\$50,520,289	\$3,250,000	\$53,770,289
STATE AND CONSUMER SERVICES									
Franchise Tax Board:									
Legislative mandates	\$9,974	-	\$9,974	\$25,000	-	\$25,000	\$25,000	-	\$25,000
Department of General Services	-	\$964,875	964,875	-	\$1,040,260	1,040,260	-	\$4,814,818	4,814,818
Public Employees Retirement System:									
Legislative mandates	2,186,183	-	2,186,183	6,288,657	-	6,288,657	10,734,840	-	10,734,840
Department of Veterans Affairs:									
County veteran service officers	1,000,000	-	1,000,000	840,000	-	840,000	840,000	-	840,000
TOTALS, STATE AND CONSUMER SERVICES	\$3,196,157	\$964,875	\$4,161,032	\$7,153,657	\$1,040,260	\$8,193,917	\$11,599,840	\$4,814,818	\$16,414,658

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COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND
FISCAL YEARS 1978-79, 1979-80, AND 1980-81—Continued

	Actual 1978-79			Estimated 1979-80			Estimated 1980-81		
	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total
BUSINESS AND TRANSPORTATION									
Business:									
Department of Corporations:									
Legislative mandates	\$4,009	-	\$4,009	\$3,780	-	\$3,780	\$3,780	-	\$3,780
Department of Economic and Business Development	1,232,800	-	1,232,800	625,000	-	625,000	1,700,000	-	1,700,000
Department of Housing and Community Development	4,752,197	-	4,752,197	106,243,900	-	106,243,900	4,972,000	-	4,972,000
Totals, Business:	\$5,980,988	-	\$5,980,988	\$106,872,680	-	\$106,872,680	\$6,675,780	-	\$6,675,780
Transportation:									
Department of Transportation:									
Transportation planning program	-	\$2,612,874	\$2,612,874	-	\$2,031,500	\$2,031,500	-	\$2,031,500	\$2,031,500
Mass transportation program	-	7,610,869	7,610,869	-	113,309,685	113,309,685	-	125,900,000	125,900,000
Aeronautics program	-	4,045,687	4,045,687	-	5,169,651	5,169,651	-	5,325,851	5,325,851
Highway transportation	-	45,184,982	45,184,982	-	52,871,522	52,871,522	-	27,401,400	27,401,400
Totals, Department of Transportation	-	\$59,454,412	\$59,454,412	-	\$173,382,358	\$173,382,358	-	\$160,658,751	\$160,658,751
Totals, Transportation	-	\$59,454,412	\$59,454,412	-	\$173,382,358	\$173,382,358	-	\$160,658,751	\$160,658,751
Totals, BUSINESS AND TRANSPORTATION:	\$5,980,988	\$59,454,412	\$65,435,400	\$106,872,680	\$173,382,358	\$280,255,038	\$6,675,780	\$160,658,751	\$167,334,531
RESOURCES									
Special resources programs	\$330,100	-	\$330,100	\$330,100	-	\$330,100	\$415,650	-	\$415,650
Air Resources Board:									
Air pollution control subvention	3,647,804	\$3,032,446	6,680,250	3,700,000	\$3,038,000	6,738,000	4,033,000	\$3,311,420	7,344,420
Humboldt Bay fund	354,273	-	354,273	26,862	-	26,862	-	-	-
Department of Boating and Waterways	75,000	7,470,770	7,545,770	7,400,000	7,400,000	7,400,000	356,425	9,100,000	9,100,000
California Coastal Commission	356,425	-	356,425	356,425	-	356,425	400,000	-	400,000
Legislative mandates	400,000	-	400,000	16,288,771	-	16,288,771	10,000,000	-	10,000,000
Department of Parks and Recreation	333,750	-	333,750	29,832,439	9,018,057	25,306,828	\$27,784,086	-	\$27,784,086
San Francisco Bay Conservation and Development Commission	27,181,642	-	27,181,642	-	-	-	-	-	-
Legislative mandates	-	-	-	9,800	-	9,800	23,000	-	23,000
Department of Water Resources:									
Flood control subventions	2,500,000	-	2,500,000	7,403,500	-	7,403,500	5,000,000	-	5,000,000
Delta levee maintenance subventions	198,235	-	198,235	-	-	-	-	-	-
State financial assistance for local projects	500,000	-	500,000	-	-	-	-	-	-
Safe drinking water projects	-	500,000	-	-	-	-	-	-	-
Totals, Department of Water Resources	\$2,698,235	\$500,000	\$3,198,235	\$7,403,500	-	\$7,403,500	\$5,000,000	-	\$5,000,000
State Water Resources Control Board:									
Grants for clean water facilities	-	-	-	-	-	-	-	-	-
Loans to local entities	\$370,000	-	\$370,000	-	-	-	-	-	-
Totals, State Water Resources Control Board	\$370,000	-	\$370,000	-	-	-	-	-	-
Totals, RESOURCES:	\$35,413,479	\$11,336,966	\$46,750,445	\$28,515,458	\$19,456,057	\$47,971,515	\$20,228,075	\$12,411,420	\$32,639,495
HEALTH AND WELFARE									
Office of Statewide Health Planning and Development:									
Legislative mandates	\$2,486,614	-	\$2,486,614	\$3,562,567	-	\$3,562,567	\$6,215,072	-	\$6,215,072
Department of Alcohol and Drug Programs:									
Alcoholism program	120,960	-	120,960	209,118	-	209,118	211,860	-	211,860
Narcotics and drug abuse program	31,164,303	-	31,164,303	31,261,618	-	31,261,618	33,639,164	-	33,639,164
Totals, Department of Alcohol and Drug Programs	\$35,811,907	-	\$35,811,907	\$64,033,693	-	\$64,033,693	\$40,066,096	-	\$40,066,096
Totals, HEALTH AND WELFARE	\$35,811,907	-	\$35,811,907	\$92,549,151	\$19,456,057	\$112,005,208	\$46,283,171	\$12,411,420	\$58,694,591

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COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND
FISCAL YEARS 1978-79, 1979-80, AND 1980-81—Continued

	Actual 1978-79			Estimated 1979-80			Estimated 1980-81		
	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total	General Fund	Special funds	Selected Bond funds
Department of Health Services:									
Medical assistance program.....	\$1,899,883,016	-	\$1,899,883,016	\$2,082,972,137	-	\$2,082,972,137	\$2,261,121,246	-	\$2,261,121,246
Price and provider rate increase.....	-	-	-	-	-	-	80,386,399	-	80,386,399
Public health services for local agency.....	45,776,004	-	45,776,004	313,619,401	-	313,619,401	354,421,512	-	354,421,512
California children services.....	26,424,767	-	26,424,767	28,400,333	-	28,400,333	33,662,733	-	33,662,733
Legislative mandates.....	169,478	-	169,478	169,488	-	169,488	180,000	-	180,000
Totals, Department of Health Services.....	\$1,972,253,265	-	\$1,972,253,265	\$2,425,161,359	-	\$2,425,161,359	\$2,729,771,890	-	\$2,729,771,890
Department of Developmental Services:									
Developmental disabilities program.....	356,696,823	1,542,926	358,239,749	430,456,170	1,620,400	432,076,570	471,232,241	1,700,450	472,932,691
Legislative mandates.....	33,855	-	33,855	43,438	-	43,438	43,438	-	43,438
Totals, Department of Developmental Services.....	\$356,730,678	\$1,542,926	\$358,273,604	\$430,499,608	\$1,620,400	\$432,120,008	\$471,275,679	\$1,700,450	\$472,976,129
Department of Mental Health:									
Mental health services.....	\$356,716,994	-	\$356,716,994	\$429,094,189	-	\$429,094,189	\$483,313,793	-	\$483,313,793
Legislative mandates.....	212,105	-	212,105	313,660	-	313,660	313,660	-	313,660
Totals, Department of Mental Health.....	\$356,929,099	-	\$356,929,099	\$429,407,849	-	\$429,407,849	\$483,627,453	-	\$483,627,453
Employment Development Department:									
Legislative mandates.....	\$1,839,000	-	\$1,839,000	\$2,200,000	-	\$2,200,000	\$6,520,000	-	\$6,520,000
Department of Social Services:									
SSI-SSP grants.....	891,020,326	-	891,020,326	1,087,876,000	-	1,087,876,000	1,310,291,600	-	1,310,291,600
AFDC grants.....	933,131,128	-	933,131,128	986,941,900	-	986,941,900	1,195,372,200	-	1,195,372,200
Special adult programs.....	5,269,496	-	5,269,496	3,708,700	-	3,708,700	4,196,000	-	4,196,000
Special social service programs.....	126,668,613	-	126,668,613	156,936,886	-	156,936,886	195,424,741	-	195,424,741
Special programs.....	232,931	-	232,931	-	-	-	-	-	-
County administration.....	187,714,891	-	187,714,891	95,397,811	-	95,397,811	101,146,100	-	101,146,100
Legislative mandates.....	15,521,623	-	15,521,623	7,261,900	-	7,261,900	7,930,200	-	7,930,200
Totals, Department of Social Services.....	\$2,159,559,008	-	\$2,159,559,008	\$2,338,123,197	-	\$2,338,123,197	\$2,814,360,841	-	\$2,814,360,841
TOTALS, HEALTH AND WELFARE.....	\$4,903,500,531	\$1,542,926	\$4,905,043,457	\$5,683,448,920	\$1,620,400	\$5,685,069,320	\$6,573,533,867	\$1,700,450	\$6,575,234,317
EDUCATION									
Education—K through 12:									
School improvement programs.....	\$123,277,978	-	\$123,277,978	\$135,434,259	-	\$135,434,259	\$157,215,342	-	\$157,215,342
Staff development and resource centers.....	936,344	-	936,344	1,445,000	-	1,445,000	2,055,950	-	2,055,950
Conservation education.....	-	338,702	338,702	-	482,797	482,797	-	500,000	-
Economic impact aid.....	-	-	-	145,104,406	-	145,104,406	162,015,803	-	162,015,803
Educationally disadvantaged youth program.....	112,715,412	-	112,715,412	-	-	-	-	-	-
Urban impact aid.....	44,065,800	-	44,065,800	62,065,800	-	62,065,800	8,652,000	-	8,652,000
Compensatory education.....	3,659,597	-	3,659,597	3,736,818	-	3,736,818	4,317,974	-	4,317,974
Special elem school reading instruct program.....	14,005,317	-	14,005,317	14,005,317	-	14,005,317	15,265,796	-	15,265,796
Special education.....	116,127,574	-	116,127,574	211,951,323	-	211,951,323	516,247,569	-	516,247,569
Adult and vocational education.....	-	-	-	37,000	-	37,000	-	-	-
Career guidance centers.....	250,000	-	250,000	250,000	-	250,000	272,500	-	272,500
Child development.....	105,417,233	-	105,417,233	150,243,888	-	150,243,888	168,798,765	-	168,798,765
American Indian education.....	606,753	-	606,753	649,226	-	649,226	707,656	-	707,656
Native American Indian education program.....	257,580	-	257,580	275,611	-	275,611	300,416	-	300,416
Bilingual-bicultural education.....	12,525,271	-	12,525,271	-	-	-	-	-	-
Bilingual teacher corps.....	-	-	-	2,510,185	-	2,510,185	1,496,000	-	1,496,000
Instructional materials.....	38,351,080	-	38,351,080	38,351,080	-	38,351,080	42,684,752	-	42,684,752
Instructional television.....	768,368	-	768,368	821,364	-	821,364	821,364	-	821,364
Child nutrition.....	32,852,709	-	32,852,709	34,646,597	-	34,646,597	42,079,309	-	42,079,309
Special assistance to school districts.....	54,500	-	54,500	17,068	-	17,068	-	-	-
Apportionments for public schools K-12.....	4,790,803,624	17,718,026	4,808,521,650	5,772,426,785	22,081,340	5,794,508,125	5,911,838,170	23,665,000	5,935,503,170

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COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND
FISCAL YEARS 1978-79, 1979-80, AND 1980-81—Continued

	Actual 1978-79			Estimated 1979-80			Estimated 1980-81		
	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total
Loans to school districts	105,000	-	105,000	-	-	-	-	-	-
Assistance to public libraries	4,583,365	-	4,583,365	-	-	-	-	-	-
Legislative mandates	198,358	-	198,358	-	-	-	-	-	-
Totals, Department of Education	\$5,401,561,863	\$18,046,728	\$5,419,608,591	\$6,586,478,156	\$22,564,137	\$6,609,042,293	\$7,081,126,259	\$24,165,000	\$7,105,291,259
Contributions to Teachers' Retirement Fund	144,300,000	-	144,300,000	-	-	-	171,616,000	-	171,616,000
Debt Service on Public School Build Bonds	1,461,134	-	1,461,134	-	-	-	54,696,816	-	54,696,816
State School Building Safety	-	-	-	-	-	-	-	-	-
School Facilities Aid Program	-	-	-	-	-	-	-	-	-
Total, Education—K through 12	\$5,529,485,425	\$19,407,991	\$5,548,893,416	\$6,794,910,894	\$24,090,940	\$6,819,001,834	\$7,252,742,259	\$25,365,000	\$7,278,107,259
Higher Education:									
Board of Governors of Community Colleges:									
Appointments for Community Colleges	\$795,264,900	-	\$795,264,900	-	-	\$976,000,000	\$1,062,800,000	-	\$1,062,800,000
Partial State Support-Academic Senate	-	-	-	-	-	-	82,000	-	82,000
Community Colleges Extended Opportunity Program	17,389,919	-	17,389,919	-	-	20,472,092	23,196,080	-	23,196,080
Instructional Improvement	1,900,000	-	1,900,000	-	-	755,000	760,000	-	760,000
Totals, Board of Governors of Community Colleges	\$814,554,819	-	\$814,554,819	-	-	\$997,227,092	\$1,086,838,080	-	\$1,086,838,080
Totals, Higher Education	\$814,554,819	-	\$814,554,819	-	-	\$997,227,092	\$1,086,838,080	-	\$1,086,838,080
TOTALS, EDUCATION	\$6,344,040,244	\$19,407,991	\$6,363,448,235	\$7,792,137,986	\$24,090,940	\$7,816,228,926	\$8,339,580,339	\$25,365,000	\$8,364,945,339
CORRECTIONAL PROGRAMS									
Department of Corrections	\$3,055,009	-	\$3,055,009	-	-	\$2,494,092	\$3,036,322	\$3,000,000	\$6,036,322
Department of the Youth Authority:									
Transportation of Wards	36,591	-	36,591	-	-	43,540	43,540	-	43,540
Delinquency Prevention	732,276	-	732,276	-	-	1,263,300	233,300	-	233,300
Special Probation Supervision Programs	4,848,782	-	4,848,782	-	-	-	-	-	-
Assistance to Counties for Detention of Youth Authority Parolees	12,528	-	12,528	-	-	120,000	200,000	-	200,000
County Justice Subvention Program	53,772,952	-	53,772,952	-	-	58,137,290	63,369,646	-	63,369,646
Status Offender Detention Grants	387,305	-	387,305	-	-	1,112,695	-	-	-
Legislative Mandates	-	-	-	-	-	27,000,000	-	-	-
Totals, Department of the Youth Authority	\$59,790,434	-	\$59,790,434	-	-	\$87,676,825	\$63,846,486	-	\$63,846,486
TOTALS, CORRECTIONAL PROGRAMS	\$62,845,443	-	\$62,845,443	\$90,170,917	-	\$90,170,917	\$66,882,808	\$3,000,000	\$69,882,808
GENERAL GOVERNMENT									
General Administration:									
Department of Food and Agriculture:									
Salaries for County Agricultural Commissioners	\$368,816	-	\$368,816	-	-	\$369,726	\$371,376	-	\$371,376
Subventions to Counties for Agricultural Programs	-	-	-	-	-	-	4,880,461	-	4,880,461
Payments to Counties for Agricultural Programs	-	4,533,606	\$4,533,606	\$369,726	6,126,839	\$6,496,565	\$5,251,837	5,885,327	\$11,137,164
Totals, Department of Food and Agriculture	\$368,816	\$4,533,606	\$4,902,422	\$369,726	\$6,126,839	\$6,496,565	\$5,251,837	\$5,885,327	\$11,137,164
Financial Assistance to Local Fairs	-	-	-	-	-	-	-	-	-
Department of Industrial Relations:									
Legislative Mandates	19,544,712	-	19,544,712	-	-	22,141,937	\$18,100	\$15,410,344	\$15,392,244
Workers Compensation Benefits:									
Disaster Service Workers	157,243	-	157,243	-	-	195,750	22,141,937	-	22,141,937
Commission on Peace Officer Standards and Training	-	-	-	-	-	-	205,875	-	205,875
Office of Criminal Justice Planning	3,886,802	-	3,886,802	-	-	11,652,392	3,450,000	12,553,614	12,553,614
	-	-	-	-	-	5,222,444	-	3,000,000	6,450,000

COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND
FISCAL YEARS 1978-79, 1979-80, AND 1980-81—Continued

	Actual 1978-79			Estimated 1979-80			Estimated 1980-81		
	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total
Assistance to Counties for Defense of Indigents ..	1,199,608	-	1,199,608	1,775,000	-	1,775,000	1,775,000	-	1,775,000
Subvention for Guardianship/Conservatorship Proceedings	1,138,222	-	1,138,222	1,835,989	-	1,835,989	1,835,989	-	1,835,989
Payment to Counties for Homeide Trials.....	424,842	-	424,842	1,300,000	-	1,300,000	100,000	-	100,000
State Board of Control	-	-	-	1,000,000	-	1,000,000	-	-	-
Indemnification of Private Citizens:									
Legislative Mandates	10,911	-	10,911	243,100	-	243,100	240,000	-	240,000
Totals, General Administration	\$26,631,486	\$29,736,439	\$56,367,925	\$33,868,749	\$37,541,666	\$71,410,415	\$34,982,538	\$36,849,285	\$71,831,823
Miscellaneous:									
Working Capital Advance	\$300,000	-	\$300,000	-	-	-	-	-	-
Prop 13 Relief for Local Governments	829,911,497	-	829,911,497	-	-	-	-	-	-
Local Agency Indebtedness Fund	35,421,325	-	35,421,325	284,708	-	284,708	-	-	-
Legislative Claims:									
Legislative Mandates	1,203,072	-	1,203,072	8,682,682	-	8,682,682	-	-	-
Legislative Mandates	-	-	-	4,305,000	-	4,305,000	64,668,670	-	64,668,670
Totals, Miscellaneous	\$866,835,894	-	\$866,835,894	\$13,272,390	-	\$13,272,390	\$64,668,670	-	\$64,668,670
Tax Relief:									
Senior Citizens' Property Tax Assistance	\$71,006,493	-	\$71,006,493	\$24,500,000	-	\$24,500,000	\$27,000,000	-	\$27,000,000
Senior Citizens Property Tax Deferral Program	1,462,000	-	1,462,000	4,200,000	-	4,200,000	4,500,000	-	4,500,000
Senior Citizens' Renters Tax Relief	5,313,918	-	5,313,918	44,000,000	-	44,000,000	48,000,000	-	48,000,000
Personal Property Tax Relief	211,341,669	-	211,341,669	210,525,000	-	210,525,000	466,725,000	-	466,725,000
Homeowners' Property Tax Relief	336,931,063	-	336,931,063	338,000,000	-	338,000,000	344,000,000	-	344,000,000
Subventions for Open Space	12,905,683	-	12,905,683	14,000,000	-	14,000,000	14,000,000	-	14,000,000
Subvention for Sales and Property Tax Revenue Loss	5,571,451	-	5,571,451	2,329,500	-	2,329,500	817,100	-	817,100
Renters' Tax Relief	133,801,979	-	133,801,979	383,000,000	-	383,000,000	418,000,000	-	418,000,000
Substandard Housing	-	-	-	107,817	-	107,817	125,000	-	125,000
Totals, Tax Relief	\$778,334,256	-	\$778,334,256	\$1,020,662,317	-	\$1,020,662,317	\$1,323,167,100	-	\$1,323,167,100
Shared Revenues:									
Liquor License Fees for General Government ..	-	14,078,480	14,078,480	-	14,220,000	14,220,000	-	14,360,000	14,360,000
Highway Property Rental Receipts for General Government.....	-	4,140,855	4,140,855	-	2,075,000	2,075,000	-	2,080,000	2,080,000
Off-Highway License Fees for General Govern- ment	-	-	-	-	-	-	-	-	-
Motor Vehicle License Fees for Counties and Cities	-	552,310	552,310	-	420,000	420,000	-	460,000	460,000
Cigarette Tax for Counties and Cities	-	550,864,713	550,864,713	-	650,000,000	650,000,000	-	690,000,000	690,000,000
Highway Carriers Uniform Business License Tax	-	81,289,831	81,289,831	-	81,500,000	81,500,000	-	83,000,000	83,000,000
Tideland Revenue for Cities and Counties	\$207,616	-	207,616	\$225,000	-	225,000	\$225,000	-	225,000
Motor Vehicle Fuel Tax for Counties	181,823,957	-	181,823,957	181,551,000	-	181,551,000	183,451,000	-	183,451,000
Motor Vehicle Fuel Tax for Cities	80,589,409	-	80,589,409	79,655,000	-	79,655,000	81,789,000	-	81,789,000
Motor Vehicle Fuel Tax for Counties and Cities	-	116,568,332	116,568,332	-	116,372,000	116,372,000	-	118,207,000	118,207,000
Financial Aid to Local Agencies	-	-	-	-	29,000,000	29,000,000	-	63,000,000	63,000,000
Totals, Shared Revenues	\$207,616	\$1,032,391,410	\$1,032,599,026	\$225,000	\$1,158,468,000	\$1,158,468,000	\$225,000	\$1,239,847,000	\$1,240,072,000
TOTALS, GENERAL GOVERNMENT	\$1,672,009,252	\$1,062,127,849	\$2,734,137,101	\$1,068,028,456	\$1,195,784,666	\$2,263,813,122	\$1,423,043,308	\$1,276,696,285	\$2,699,739,593
Miscellaneous:									
Estimated Unidentifiable Savings	-	-	-	-125,000,000	-	-125,000,000	-170,000,000	-	-170,000,000
TOTALS, LOCAL ASSISTANCE	\$13,072,209,402	\$1,150,704,018	\$14,222,913,420	\$14,698,784,311	\$1,124,681	\$16,117,908,992	\$16,332,064,306	\$1,487,896,724	\$17,809,961,030
TOTAL	\$16,250,774,406	\$2,227,835,101	\$18,478,609,507	\$18,706,371,786	\$3,045,585,362	\$21,751,957,148	\$20,748,402,383	\$3,099,195,200	\$23,847,597,583
State Operations	3,062,948,320	845,557,829	3,908,506,149	3,774,658,676	5,017,991	4,994,522,197	4,127,189,605	1,323,677,289	5,469,199
Capital Outlay	115,616,684	301,573,254	417,189,938	232,928,799	406,597,160	639,525,959	299,148,472	287,621,187	566,769,659
Local Assistance	13,072,209,402	1,150,704,018	14,222,913,420	14,698,784,311	1,419,124,681	16,117,908,992	16,322,064,306	1,896,724	17,809,961,030

Schedule 4
SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1978, 1979, 1980, AND 1981

Fund	Balance available June 30, 1978	Actual income 1978-79	Actual expenditures 1978-79	Transfers between funds	Balance available June 30, 1979	Estimated income 1979-80	Estimated expenditures 1979-80	Transfers between funds	Balance available June 30, 1980	Estimated income 1980-81	Estimated expenditures 1980-81	Transfers between funds	Balance available June 30, 1981
GENERAL FUND													
Transfers from Other Funds	\$1,977,748,960	\$15,218,503,155	\$16,250,774,406	-	\$2,680,149,087 +225,328,622	\$17,781,010,304	\$18,706,371,786	-	\$1,834,756,295 +145,559,932	\$19,361,827,604	\$20,748,402,383	-	\$112,667,527 +80,873,921 =400,000,000 + (160,900,000)
Bayley Conservation Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
Coldier Park Preservation Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
Fairs and Exposition Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
Genetic Disease Testing Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
State Litter Control Recycling and Resource Recovery Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
Driver Training Penalty Assessment Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers to Other Funds:													
Assembly Contingent Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
Contingent Funds of the Assembly and Senate	-	-	-	-	-	-	-	-	-	-	-	-	-
Fish and Game Preservation Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
Genetic Disease Testing Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
Natural Disaster Assistance Fund, Public Facilities Account	-	-	-	-	-	-	-	-	-	-	-	-	-
State Litter Control Recycling and Resource Recovery Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
Senate Contingent Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
SPECIAL FUNDS													
General Fund Special Accounts:													
Hostel Facility Use Fees	2,085,743	-	127,115	-	473,824 +1,484,804	-	1,918,516	-	40,112	-	-	-40,112	-
State Energy Resources Conservation and Development Special Account	4,166,397	18,218,234	17,058,692	-2,127,446	3,198,493	18,986,038	21,089,412	-1,095,119	-	26,654,705	26,516,415	-138,290	-
Energy Resources Conservation and Development Commission Reserve Account	1,987,554	-	137,599	+2,127,446	3,977,401	-	2,066,444	-	3,006,076	-	337,054	-	2,807,312
Emergency Telephone Number Account	8,608,376	14,066,716	1,181,201	-	21,495,891	14,200,000	1,287,011	-	34,408,880	14,200,000	5,070,172	-	43,538,708
Attorney General Anti-trust Account	798,313	145,554	642,287	-	301,580	506,436	808,016	-	-	829,161	829,161	-	-
Park and Recreation Revolving Account	7,885,900	2,801,058	2,509,806	-	-743,930 +8,921,082	4,655,000	17,073,389	-	-4,241,237	5,200,000	-	-958,763	-
Property Acquisition Law Monies	412,286	1,121,979	1,172,576	-	361,689	945,000	1,150,000	-	156,689	1,330,000	1,225,000	-	261,689
Motor Vehicle Parking Facilities Monies	586,016	818,589	693,614	-	710,981	900,432	1,589,818	-	21,605	1,683,930	1,605,535	-	100,000
State Motor Vehicle Insurance Account	-	4,109,161	851,373	-	3,257,788	1,824,780	1,802,701	-	3,479,867	2,429,972	2,366,332	-	3,543,507
Handicap Compliance Review Special Account	139,233	124,192	130,825	-	132,600	142,000	132,285	-	142,415	151,000	141,315	-	152,900
Fingerprint Fees	703,187	2,612,219	2,357,459	-	957,947	2,835,889	2,835,889	-	957,947	2,928,986	2,928,986	-	957,947
Hazardous Waste Control Account	221,896	1,204,527	622,995	-	803,428	1,354,042	1,200,618	-	956,852	1,489,446	1,912,143	-	534,155
Highway Carriers Uniform Business License Tax Account	483,407	2,846,005	2,483,523	-	845,889	3,130,000	3,450,000	-	525,889	3,450,000	3,500,000	-	475,889
Subsequent Injuries Money	-	2,002,527	2,002,527	-	-	2,000,000	2,000,000	-	-	2,000,000	2,000,000	-	-
Standardized Sites Fund	184,588	392,662	295,049	-	282,201	740,000	641,603	-	380,598	1,250,000	780,000	-	850,598
Nuclear Planning Assessment Special Account	-	-	-	-	-	350,000	318,970	-	31,030	669,800	700,830	-	-

Schedule 4

SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1978, 1979, 1980, and 1981—Continued

Fund	Balance available June 30, 1978	Actual income 1978-79	Actual expenditures 1978-79	Transfers between funds	Balance available June 30, 1979	Estimated income 1979-80	Estimated expenditures 1979-80	Transfers between funds	Balance available June 30, 1980	Estimated income 1980-81	Estimated expenditures 1980-81	Transfers between funds	Balance available June 30, 1981
SPECIAL FUNDS													
State Transportation Fund:													
Aeronautics Account.....	5,315,000	-109,461	5,293,144	-42,000 +5,024,926	4,895,321	418,000	6,786,835	-22,000 +5,000,000	3,504,486	467,000	7,097,501	-30,000 +5,100,000	1,943,985
State Highway Account.....	318,553,264	85,748,465	520,897,230	-5,086,389 +483,511,221 +10,000,000	376,505,899	82,110,000	752,420,134	-5,853,300 +481,672,000 +100,000,000	282,014,465	69,500,000	673,906,212	-4,782,658 +490,457,000 +40,000,000	201,282,595
Motor Vehicle Account.....	93,113,731	424,901,104	366,523,063	+4,676,568 +12,761,383 -1,900,000 -10,000,000	152,753,155	442,715,000	446,150,467	+4,000,000 +16,060,000 -1,900,000	47,877,688 20,000,000	456,671,000	453,054,935	+4,000,000 +17,795,000 -40,000,000	8,288,753 115,000,000 -90,000,000
Bicycle Lane Account.....	294,084	128,775	537,131	+360,000	245,728	120,000	697,164	+360,000	28,564	100,000	451,423	360,000	37,141
Transportation Planning and Development Account.....	28,273,988	4,720,151	15,753,189	+5,086,389 +42,000	22,369,339	113,187,112	135,987,420	+5,853,300 +22,000	5,444,331	128,746,468	139,138,523	+4,782,658 +30,000	-135,066
Abandoned Railroad Account.....	6,992,121	604,814	417,522	-	7,179,413	240,000	507,590	-	6,911,823	-	3,471,749	-	3,440,074
Transportation Tax Fund:													
Motor Vehicle Fuel Account.....	7,898,115	899,916,074	11,502,434	-12,315,497 -3,365,000 -5,024,926 -863,767,334	11,838,998	889,800,000	11,736,012	-9,080,000 -4,390,796 -5,000,000 -860,510,000	10,922,190	905,900,000	11,858,155	-10,070,000 -3,836,784 -5,100,000 -875,764,000	10,193,251
Highways Users Tax Account.....	-	-	378,981,698	-900,000 -14,415 -360,000 +863,767,334 -483,511,221 -4,676,568 +14,415	-	-	377,578,000	-900,000 -360,000 +860,510,000 -481,672,000	-	-	383,447,000	-	-
Highways Properties Rental Account.....	4,676,568	-	-	-	147,018	-	-	-	147,018	-	-	-	147,018
Motor Vehicle Transportation Tax Account.....	45,717	86,886	-	-	120,592,790	650,400,000	671,984,178	-16,060,000	82,946,612	719,800,000	712,818,267	-17,795,000	72,135,345
Motor Vehicle License Fee Account.....	84,444,547	619,643,784	570,734,158	-12,761,383	9,553,064	14,175,000	14,220,000	-	9,508,064	14,175,000	14,360,000	-	9,331,064
Freder Funds:													
Alcoholic Beverage Control Fund.....	9,452,804	14,178,740	14,078,480	-	9,553,064	14,175,000	14,220,000	-	9,508,064	14,175,000	14,360,000	-	9,331,064
Cigarette Tax Fund.....	10,067,095	79,036,113	81,289,831	-	7,813,377	81,500,000	81,500,000	-	7,813,377	83,000,000	83,000,000	-	7,813,377
Other Governmental Cost Funds:													
Abandoned Vehicle Trust Fund.....	1,347,040	216,410	982,702	+1,500,000	2,080,748	-	3,380,748	+1,500,000	-	-	-	-	-
Acupuncture Fund.....	65,342	186,016	71,975	-	179,883	58,895	116,143	-	122,135	237,050	120,578	-	238,607
Agriculture Fund.....	13,688,882	21,099,857	19,465,182	+3,365,000	15,650,894	22,007,006	26,483,071	+4,390,796	15,647,975	26,300,341	29,109,609	+3,836,784	16,738,141
Air Pollution Control Fund.....	1,937,623	468,116	532,559	-	1,873,180	462,400	1,122,497	-	12,953,313	202,000	607,594	-	12,872,663
Animal Health Technicians Exam Committee Fund.....	17,383	64,626	37,978	-	44,031	58,450	55,787	-	1,213,083	64,795	60,280	-	807,489
Architecture Public Building Fund, School Building Program	770,738	1,381,145	1,856,795	-	295,088	1,367,500	1,605,135	-	57,453	1,647,482	1,704,935	-	51,209
Architecture Public Building Fund, Hospital Building Ac-													
count.....	1,823,728	1,325,402	1,680,000	-	1,469,130	1,547,011	1,839,228	-	1,176,913	1,810,002	1,967,973	-	1,018,942
Assembly Contingent Fund.....	2,202,480	-	23,553,701	(+24,523,636)	3,172,415	-	30,351,895	(+27,623,426)	443,946	-	34,789,010	(+34,695,064)	350,000
Contingent Funds of the Assembly and Senate.....	26,968,536	-	13,463,372	(+39,921,700)	5,291,077	-	23,481,100	(+7,900,000)	3,699,977	-	32,446,623	(+10,250,000)	2,419,977
Automotive Repair Fund.....	2,964,663	3,570,123	3,745,686	-26,692,536	14,906,623	-	7,900,000	-	21,006,623	-	10,250,000	-	65,463
Bagley Conservation Fund.....	35,339,495	583	9,960,472	(-4,555,000)	10,097,280	3,212,000	4,438,265	-	1,562,835	3,212,000	4,709,372	-	3,376,235
Bagley Conservation Fund, State Park Highway Account.....	200,265	-	982,636	(-4,555,000)	10,718,126	-	16,284,697	-	4,530,909	-	1,154,674	-	-
				+900,000	117,629	-	1,017,364	+900,000	+265	-	-	-265	-

Schedule 4
SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1978, 1979, 1980, and 1981—Continued

Fund	Balance available June 30, 1978	Actual income 1978-79	Actual expenditures 1978-79	Transfers between funds	Balance available June 30, 1979	Estimated income 1979-80	Estimated expenditures 1979-80	Transfers between funds	Balance available June 30, 1980	Estimated income 1980-81	Estimated expenditures 1980-81	Transfers between funds	Balance available June 30, 1981
Banking Fund	1,729,328	4,768,101	3,996,936	-	2,500,493	4,783,512	4,980,375	-	2,305,630	4,615,000	5,413,989	-	1,509,441
California Environmental License Plate Fund	1,330,117	7,829,251	7,041,865	-	2,117,503	10,864,800	12,074,554	-	907,749	12,936,600	12,587,551	-	1,256,986
California Health Facilities Commission Fund	228,954	1,835,918	1,616,016	-	448,856	2,017,000	2,085,758	-	380,098	2,282,000	2,100,217	-	561,881
California Water Fund	15,702,091	27,262,882	37,283,481	-	5,681,492	27,415,000	25,111,400	-	7,985,092	27,675,000	25,111,400	-	10,548,692
Capital Outlay Fund for Public Higher Education	64,663,529	72,077,185	69,673,604	-	62,417,837	159,267,040	46,127,053	-	180,207,097	77,838,280	47,859,700	-	210,185,677
Chiropractic Examiners Fund	68,181	358,525	282,751	-	143,955	395,031	351,445	-	187,541	423,618	367,756	-	243,403
Collection Agency Fund	5,242	314,447	223,077	-	96,612	440,456	357,283	-	179,785	508,110	452,376	-	235,319
Collier Park Preservation Fund	6,935,035	7,021,057	7,844,218	-	-1,229,576	7,000,000	13,326,725	-	-714,851	-	-	+714,851	-
Construction Inspection Registration Board Fund	49,012	33,351	13,824	-	68,539	42,600	58,352	-	52,787	144,400	124,769	-	72,418
Community College Creditors Fund	-	381,082	347,493	-	33,589	386,220	416,809	-	3,000	386,220	389,220	-	367,500
Corrections Training Fund	-	-	-	-	-	-	-	-	-	6,675,000	3,000,000	-	408,933
Bureau of Employment Agencies Fund	554,071	482,616	311,651	-	725,036	221,560	342,619	-	603,977	221,560	416,604	-	1,000,000
Department of Employment Development Contingent Fund	617,296	9,828,017	9,445,313	-	1,000,000	11,161,000	11,161,000	-	1,000,000	13,061,000	13,061,000	-	609,492
Developmental Disabilities Program Development Fund	905,046	1,626,524	1,542,926	-	988,644	1,248,848	1,620,400	-	617,092	1,612,800	1,620,400	-	742,659
Driver Training Penalty Assessment Fund	10,705,241	28,753,181	13,308,655	-	13,308,655	30,975,000	539,300	-	-	26,700,000	1,775,145	-	-
Electronic and Appliance Repair Fund	381,174	691,200	655,741	-	416,633	702,600	728,110	-	391,123	702,600	751,801	-	341,922
Energy and Resources Fund	9,153,246	13,601,770	15,951,985	-	6,803,031	-1,028,956	21,607,627	-	1,575,373	73,838,280	24,609,830	-	49,228,450
Fair and Exposition Fund	-	-	-	-	-	-	-	-	-	18,451,936	17,322,680	-	1,575,373
Financial Aid to Local Agencies Fund	6,677,410	32,218,836	29,497,973	-	9,563,253	31,894,600	29,000,000	-	6,990,262	61,000,000	63,000,000	-	3,662,461
Fish and Game Preservation Fund	-	-	-	-	-	-	-	-	-	32,197,200	-517,000	-	-
Genetic Disease Testing Fund	-	-	-	-	-	-	-	-	-	8,625,000	7,208,979	-	-
Geology and Geophysics Fund	136,909	168,882	98,812	-	209,979	18,125	114,862	-	113,242	161,735	120,546	-	154,431
Hearing Aid Dispenser's Fund	23,137	80,848	67,155	-	36,830	95,125	81,971	-	50,034	96,605	109,082	-	37,557
Indemnity Fund	569,237	2,961,376	446,797	-	3,083,816	2,060,000	2,346,869	-	2,796,947	6,060,000	7,633,349	-	1,223,598
Insurance Commissioner's Regulatory Trust Fund	-	156,100	75,202	-	80,898	269,400	350,298	-	-	460,157	460,157	-	-
Natural Disaster Assistance Fund	755,611	516,715	1,143,952	-	6,628,374	576,669	2,500,000	-	4,705,043	409,339	1,250,000	-	3,864,382
Public Facilities Account	17,678,262	1,855,420	1,225,047	-	18,308,635	1,592,851	1,250,000	-	18,651,486	1,622,679	1,500,000	-	18,774,165
Street and Highway Account	36,886	30,563	13,645	-	53,804	13,965	21,897	-	45,872	13,965	25,377	-	34,460
Nurses' Registry Fund	39,316	276,126	113,885	-	201,577	59,300	137,878	-	122,999	293,700	203,290	-	213,409
Nursing Home Administrator's State License Examining Board Fund	376,669	437,290	552,310	-	261,649	455,000	420,000	-	296,649	455,000	460,000	-	291,649
Off-Highway License Fee Fund	16,191,200	2,536,748	4,807,533	-	12,011,478	1,690,000	27,524,680	-	9,481,232	1,750,000	1,590,056	-	19,711,176
Off-Highway Vehicle Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
Osteopathic Examiners Contingent Fund	75,112	206,751	186,111	-	95,752	209,920	281,208	-	24,464	227,400	237,543	-	14,321
Peace Officers Training Fund	1,662,397	14,219,728	13,029,581	-	2,852,564	14,000,000	14,398,653	-	2,453,911	14,000,000	15,379,419	-	1,074,472
Physicians Assistants Fund	63,253	79,655	64,400	-	78,508	192,000	90,851	-	179,677	76,065	94,563	-	161,179
Pilot Commissioners Special Fund	117,239	41,729	36,274	-	124,694	45,138	59,163	-	110,669	43,950	61,251	-	93,168
Professional Forester Registration Fund	104,572	44,688	49,072	-	100,188	47,000	89,790	-	57,398	47,000	68,900	-	35,998
Professions and Vocations Funds:													
Accountancy Fund	138,499	1,711,332	1,041,536	-	808,295	1,008,235	1,202,836	-	613,694	1,040,440	1,291,025	-	363,109
Board of Architectural Examiners Fund	546,497	201,903	382,981	-	365,439	1,343,934	588,778	-	1,120,595	301,000	613,410	-	808,193
Board of Barber Examiners Fund	586,027	159,324	395,384	-	349,967	970,606	553,568	-	767,003	162,306	588,782	-	360,527
Cemetery Fund	-2,645	154,391	148,196	-	3,550	180,920	171,868	-	12,602	171,868	176,465	-	18,057
Contractors' License Fund	8,300,757	4,405,906	7,414,181	-	5,292,482	10,997,080	8,898,501	-	7,391,031	11,347,175	9,308,447	-	9,429,759
Board of Cosmetology Contingent Fund	1,134,221	3,420,485	1,492,883	-	3,061,823	787,476	1,456,949	-	2,392,350	3,492,418	1,679,389	-	4,205,379
Dentistry Fund	275,384	1,574,291	1,187,739	-	662,136	1,439,735	1,154,665	-	947,206	1,262,585	1,052,306	-	1,157,485
Fabric Care Fund	573,525	668,097	418,288	-	823,334	244,850	502,386	-	565,798	1,089,545	456,636	-	1,198,707
Federal Directors and Embalmers Fund	341,142	358,619	284,974	-	414,787	368,650	372,095	-	411,342	368,650	414,414	-	365,578
Bureau of Home Furnishings Fund	300,080	1,966,282	781,027	-	1,485,285	222,080	903,588	-	803,777	1,982,427	936,069	-	1,850,135
Board of Landscape Architects Fund	83,717	41,354	77,564	-	47,507	194,805	113,785	-	128,527	46,705	93,152	-	82,080

Schedule 4

SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1978, 1979, 1980, and 1981—Continued

Fund	Balance available June 30, 1978	Actual income 1978-79	Actual expenditures 1978-79	Transfers between funds	Balance available June 30, 1979	Estimated income 1979-80	Estimated expenditures 1979-80	Transfers between funds	Balance available June 30, 1980	Estimated income 1980-81	Estimated expenditures 1980-81	Transfers between funds	Balance available June 30, 1981
Contingent Fund of the Board of Medical Quality Assurance	8,649,801	6,114,188	6,156,882	-	8,607,107	8,203,963	8,320,086	-	8,490,984	8,269,774	8,882,869	-	7,877,889
Physical Therapy Fund	387,874	89,723	139,205	-	338,392	212,800	163,976	-	387,216	75,945	171,055	-	292,106
Registered Nursing Fund	411,990	2,041,925	1,936,311	-	517,604	1,984,610	2,110,270	-	391,944	2,018,273	2,249,644	-	160,573
Optometry Fund	525,483	219,314	182,018	-	562,779	220,916	227,275	-	556,420	230,536	233,551	-	551,405
Pharmacy Board Contingent Fund	732,265	984,460	1,241,836	-	474,899	1,332,130	1,399,781	-	403,248	1,330,765	1,443,700	-	290,313
Private Investigator and Adjuster Fund	38,249	392,784	601,652	-	3,093,893	1,169,350	828,181	-	390,570	755,580	874,512	-	271,908
Professional Engineers Fund	2,917,209	1,625,142	1,232,458	-	3,309,893	1,059,998	1,415,450	-	2,954,441	962,716	1,317,899	-	2,599,258
Shorthand Reporters Fund	114,226	114,226	85,445	-	144,041	54,390	100,000	-	98,431	118,550	104,718	-	112,263
Behavioral Science Examiners Fund	531,496	236,280	259,124	-	508,652	324,227	324,227	-	721,890	232,765	336,517	-	618,138
Structural Pest Control Fund	1,062,651	1,724,378	1,060,860	-	1,726,169	1,899,874	1,230,080	-	2,095,963	2,078,430	1,278,998	-	3,195,395
Tax Preparation Fund	939,823	211,554	234,227	-	917,150	98,195	134,408	-	880,937	101,445	138,467	-	843,915
Board of Veterinary Examiners Contingent Fund	265,587	93,161	255,535	-	103,213	555,045	317,946	-	340,312	140,325	345,118	-	135,519
Vocational Nurse and Psychiatric Technician Examiners Fund (Vocational Nurse)	21,296	1,211,328	1,005,878	-	226,746	1,151,066	1,154,066	-	223,746	1,151,100	1,192,618	-	182,228
Vocational Nurse and Psychiatric Technician Examiners Fund (Psychiatric Technicians)	105,464	217,663	224,238	-	98,889	313,420	261,477	-	150,832	277,285	268,236	-	159,881
Real Estate Fund	9,873,400	10,288,716	9,355,771	-	10,806,345	10,692,500	12,260,298	-	9,238,547	10,692,500	12,692,024	-	7,239,023
Savings and Loan Inspection Fund	903,995	5,530,520	5,336,325	-	1,098,190	5,772,342	6,524,950	-	345,582	6,556,000	6,465,874	-	335,708
School Fund	1,113,698	17,953,668	17,718,026	-	1,351,340	20,730,000	22,081,340	-	-	23,665,000	23,665,000	-	-
School Building Safety Fund	1,202,544	708,813	1,361,263	-	949,894	976,909	1,526,803	-	-	1,200,000	1,200,000	-	-
Senate Contingent Fund	1,126,551	-	-	(+ 17,011,583)	3,848,495	-	18,117,817	(+ 17,192,188)	2,923,366	-	22,363,331	(+ 21,858,898)	2,418,933
Speech Pathology and Audiology Examining Committee Fund	291,000	64,481	78,955	-	276,526	146,655	95,543	-	324,638	62,915	103,380	-	284,173
State Bicycle License & Registration Fund	15,552	53,529	69,081	-	-	79,621	79,621	-	-	88,508	88,508	-	297,463
State Dental Auxiliary Fund	187,317	589,608	9,419,867	(+ 9,419,867)	776,925	231,680	153,111	-	78,579	558,339	339,455	(- 2,500,000)	50,300
State Litter Control Recycling and Resource Recovery Fund	-	-	-	-	-	13,848,275	11,760,163	(- 2,824,937)	40,100	13,981,200	2,500,000	-	-
State Park and Recreation Fund	-	-	-	-	-	-	2,824,937	-	-	7,000,000	8,727,091	-	57,198
Strong Motion Instrument Special Fund	810,322	1,047,181	877,703	-	979,800	990,000	1,186,522	-	743,278	950,000	1,472,581	-	220,697
Teacher Credentials Fund	2,186,587	2,266,318	2,791,646	-	1,661,259	2,544,595	3,429,443	-	776,411	2,969,158	3,448,424	-	297,145
Transportation Rate Fund	5,392,181	11,607,536	8,770,259	-	8,229,458	10,228,204	10,319,371	-	8,138,291	10,471,613	10,800,755	-	7,809,149
Vehicle Inspection Fund	-	2,396,508	1,266,273	-	1,130,235	12,700,000	13,101,011	-	729,224	13,900,000	13,957,383	-	671,841
Wildlife Restoration Fund	3,318,136	1,121,292	320,334	-	4,119,094	1,110,000	3,246,647	-	1,982,247	1,070,000	2,412,611	-	639,636
Reserve for Contingencies and Emergencies	-	-	-	-	-	-	1,385,401	-	-	-	1,900,000	-	-
Allocation for Employee Compensation	-	-	-	-	-	-	31,346,469	-	-	-	70,319,000	-	-
Augmentation for Price Increase	-	-	-	-	-	-	1,819,714	-	-	-	2,919,000	-	-
Augmentation for Implementation of the Office of Administrative Law	-	-	-	-	-	-	-	-	-	-	1,000,000	-	-
TOTALS, SPECIAL FUNDS	\$897,672,749	\$2,497,896,255	\$2,297,835,101	-	\$1,092,733,903	\$2,780,233,837	\$3,045,585,362	-	\$835,432,378	\$2,984,589,256	\$3,099,195,200	-	\$720,826,434
GRAND TOTALS	\$4,835,421,709	\$17,711,399,410	\$18,548,609,507	-	\$3,998,211,612	\$20,569,294,141	\$21,751,957,148	-	\$2,815,546,605	\$22,346,416,860	\$23,847,597,583	-	\$1,314,367,882

1 Reserve for unencumbered balance of continuing appropriations.

2 Federal Revenue Sharing Fund—Cash.

3 Reserve for future capital outlay needs.

4 Reserve for contingencies.

5 Invested in Agriculture Building Fund.

6 Reserve for economic uncertainties.

Schedule 5

STATEMENT OF CASH AND SECURITIES OF ALL FUNDS IN THE TREASURY

	June 30, 1978			June 30, 1979		
	Surplus Money Investment Fund			Surplus Money Investment Fund		
Fund	Cash	Securities	Totals	Cash	Securities	Totals
NONGOVERNMENTAL COST FUNDS						
Antioch Toll Revenue Fund	-	-	-	\$103,376	-	\$103,376
Public Service Enterprise Funds						
California Housing Finance Fund	\$3,900	\$146,635,749	\$212,479,049	\$3,819	\$140,575,400	416,149,413
California Water Resources Development Bond Fund	100,719	-	19,141,719	101,406	28,512,000	28,613,406
Carquinez Straits Bridges Construction Fund	1,029	-	13,029	475	10,000	10,475
Central Valley Water Project Construction Fund	92,014	32,991,273	105,633,287	94,430	104,426,000	109,515,835
Central Valley Water Project Revenue Fund	150,532	-	8,619,032	137,855	8,618,000	8,755,855
Compensation Insurance Fund	500,060	839,369,720	869,804,780	499,176	49,688,000	1,075,750,240
Harbor Bond Sinking Fund	1,102,969	-	1,102,969	-	-	-
Harbors and Watercraft Revolving Fund	402,388	-	29,415,388	415,794	27,543,000	27,958,794
India Basin Sinking Fund	1,740	-	1,740	1,088,523	-	1,088,523
Health Facility Construction Loan Insurance Fund	557	-	4,104,557	1,039	-	6,044,000
New Antioch Bridge Construction Fund	4,731	9,041,320	19,969,051	4,106	7,401,084	12,441,190
San Diego-Coronado Bridge Construction Fund	4,620	-	1,166,620	9,453	-	756,453
San Francisco-Oakland Bay Bridge Construction Fund	842	-	4,842	264	2,000	2,264
San Francisco-Oakland Bay Bridge Toll Revenue Fund	12,432	-	66,432	16,087	83,000	99,087
San Francisco Seawall Sinking Fund No. 2	133,040	-	133,040	294,840	-	294,840
San Francisco Seawall Sinking Fund No. 3	166,800	-	166,800	-	-	-
Small Craft Harbor Bond Fund	28	-	33,028	561	32,000	32,561
Small Craft Harbor Improvement Fund	10,841	-	1,358,841	9,677	1,450,000	1,459,677
State Coastal Conservancy Fund	105,372	-	105,372	1,436,073	-	1,436,073
State University and Colleges Continuing Education Revenue Fund	17,632	-	5,271,632	50,123	6,751,000	6,801,123
State University and Colleges Dormitory Building Maintenance and Equipment Reserve Fund	16,069	-	4,426,069	23,518	4,666,000	4,689,518
State University and Colleges Dormitory Construction Fund	788,295	1,300,000	7,850,595	337,794	1,218,440	10,417,234
State University and Colleges Dormitory Interest and Redemption Fund	25,157	-	14,200,157	20,526	13,731,000	13,751,526
State University and Colleges Dormitory Revenue Fund	583,509	-	26,078,509	680,946	23,071,000	23,751,946
State University and Colleges Facilities Revenue Fund	1,187	-	177,187	831	190,000	190,831
State University and Colleges Parking Revenue Fund	2,480	-	1,008,480	1,345	1,156,000	1,157,345
Toll Bridge Authority Revolving Fund	50,000	-	50,000	50,000	-	50,000
Toll Bridge Construction Fund	2,701	-	60,726,701	2,873	61,870,000	61,872,873
Toll Bridge Compensation Disability Fund	9,804	4,993,625	377,129,429	9,520	578,061,000	578,070,520
Unemployment Employers Fund	2,579,509	-	2,579,509	6,853,344	-	6,853,344
Uninsured Employers Fund	714	-	1,766,314	272	1,801,600	1,801,872
Indemnity-Veterans Fund	99,942	-	27,125,942	99,754	177,812,000	177,911,754
Veterans Farm and Home Building Fund of 1943	1,233	-	539,233	1,056	584,000	585,056
Vincent Thomas Bridge Construction Fund	-	-	-	339	240,000	240,339
Vincent Thomas Bridge Toll Revenue Fund	-	-	-	-	-	-
Working Capital and Revolving Funds						
Agriculture Building Fund	162,995	-	162,995	58,215	-	58,215
Architecture Revolving Fund	116,518,328	-	116,518,328	174,372,604	-	174,372,604
Ballot Paper Revolving Fund	132,533	-	132,533	441,052	-	441,052
California Industries for the Blind Manufacturing Fund	18,353	-	18,353	18,353	-	18,353
Community College District Organization Revolving Fund	140,500	-	140,500	177,000	-	177,000
Correctional Industries Revolving Fund	2,157,989	-	2,157,989	2,008,076	-	2,008,076
County Formation Revolving Fund	-	-	-	242,041	-	242,041
Emergency Revolving Fund	1,037,673	-	1,037,673	554,399	-	554,399
General Obligation Bond Expense Revolving Fund	70,283	-	70,283	73,517	-	73,517
Health and Welfare Agency Data Center Revolving Fund	-	-	-	567,045	-	567,045

Schedule 5

STATEMENT OF CASH AND SECURITIES OF ALL FUNDS IN THE TREASURY—Continued

Fund	June 30, 1978			June 30, 1979		
	Cash	Securities	Surplus Money Investment Fund	Cash	Securities	Surplus Money Investment Fund
Housing Predevelopment Loan Fund	133	—	1,262,000	882	—	513,000
Mobilehome Revolving Fund	231,876	—	—	382,489	—	—
Old Age and Survivors Insurance Revolving Fund	1,354,077	—	—	1,275,194	—	—
Opportunity Work Center Revolving Fund	2,424	—	—	—	—	—
Public Building Construction Fund	31,392	—	3,945,000	221,196	—	4,495,000
Public School District Organization Revolving Fund	267,457	—	—	198,113	—	—
Revolving Loan Fund	7,980	—	—	79,653	—	—
Service Revolving Fund	8,859,559	—	—	13,762,423	—	—
Solar Energy Revolving Loan Fund	182,856	—	—	92,491	—	—
State Clean Water Grants Administration Revolving Fund	294,266	—	—	249,826	—	—
State Payroll Revolving Fund	310,685,126	—	—	318,286,396	—	—
State Personnel Board Cooperative Personnel Services Revolving Fund	616,157	—	—	340,030	—	—
State Water Quality Control Fund	4,784,951	—	—	5,211,586	—	—
Surplus Educational Property Revolving Fund	25,082	—	1,878,000	25,194	—	—
Surplus Money Investment Fund	2,131,819,608	—	—2,093,034,300	2,861,432,767	—	—
Stephen P. Teale CDC Revolving Fund	798,409	—	—	1,178,753	—	—
Water Resources Revolving Fund	50,193	—	2,688,000	50,035	—	—
Water Resources Control Board Revolving Fund	8,464	—	—	10,242	—	—
Selected Bond Funds						
California Safe Drinking Water Fund	28,779,809	—	—	24,382,981	—	—
Health Science Facilities Construction Program Fund	362	—	55,339,000	573	—	30,304,000
Recreation and Fish and Wildlife Enhancement Fund	9,222,674	—	—	8,371,006	—	—
State Beach, Park, Recreational and Historical Facilities Fund	11,397,228	—	—	8,349,391	—	—
State Beach, Park, Recreational and Historical Facilities Fund of 1974	19,032,654	—	—	36,076,711	—	—
State Clean Water Fund	38,250,648	—	—	45,613,322	—	—
State Construction Program Fund	24,682,889	—	—	20,447,658	—	—
State School Building Aid Fund	82,984,263	—	—	47,748,922	—	—
State, Urban, and Coastal Park Fund	72,500,483	—	—	72,181,444	—	—
Retirement Funds						
Judges' Retirement Fund	4,038	—	185,200	4,113	—	175,200
Legislators' Retirement Fund	138,548	35,004,452	—	167,334	36,285,546	—
Public Employees' Retirement Fund	3,624,760	10,333,720,177	—	7,496,638	12,102,910,888	—
Teachers' Retirement Fund	37,463,812	5,836,280,131	—	41,176,288	6,847,944,857	—
Trust and Agency Funds—Federal						
Federal Revenue Sharing Fund	972	—	283,745,000	376	—	281,694,000
California Traffic Safety Program Fund	130,850	—	—	22,473	—	—
Public Health Federal Fund	9,530,359	—	—	8,705,611	—	—
Social Welfare Federal Fund	2,388,006	—	—	23,598,482	—	—
Unemployment Administration Fund	500,526	—	—	37,428,462	—	—
United States Flood Control Receipts Fund	2,139	—	—	—	—	—
United States Grazing Fees Fund	19	—	—	—	—	—
Vocational Education Federal Fund	19,371	—	—	—	—	—
Vocational Rehabilitation Federal Fund	916,822	—	—	93,569	—	93,569
Trust and Agency Funds—Other						
California Public Broadcasting Fund	195,587	—	—	285,034	—	—
Classified School Employees Fund	9,283	—	27,474,000	9,646	—	33,979,000
Community College Instructional Improvement Fund	50,000	—	—	1,143,039	—	—
Totals						
	513,882			513,000		
	382,489			—		
	1,275,194			—		
	—			—		
	4,716,196			4,495,000		
	198,113			—		
	79,653			—		
	13,762,423			—		
	92,491			—		
	249,826			—		
	318,286,396			—		
	340,030			—		
	5,211,586			—		
	1,267,194			—		
	71,108,125			—		
	1,178,753			—		
	3,813,035			—		
	10,242			—		
	24,382,981			—		
	30,304,573			—		
	8,371,006			—		
	8,349,391			—		
	36,076,711			—		
	45,613,322			—		
	20,447,658			—		
	47,748,922			—		
	72,181,444			—		
	179,313			175,200		
	36,452,880			—		
	12,110,407,526			—		
	6,889,121,145			—		
	281,694,376			281,694,000		
	22,473			—		
	8,705,611			—		
	23,598,482			—		
	37,428,462			—		
	—			—		
	—			—		
	93,569			—		
	285,034			—		
	33,988,646			—		
	1,143,039			—		

STATEMENT OF CASH AND SECURITIES OF ALL FUNDS IN THE TREASURY—Continued

¹ Balance per bank's books on June 30, 1978 was \$40,866,861.
² Balance per bank's books on June 30, 1979 was \$39,256,368.

Schedule 6
COMPARATIVE STATEMENT OF EXPENDITURES OF FEDERAL AID¹ GRANTED TO
THE STATE OF CALIFORNIA FOR THE FISCAL YEARS
1978-79, 1979-80, AND 1980-81

<i>State Operations</i>			
LEGISLATIVE/JUDICIAL/EXECUTIVE			
Executive:	<i>Actual 1978-79</i>	<i>Estimated 1979-80</i>	<i>Estimated 1980-81</i>
Secretary for Business and Transportation	\$122,808	\$207,000	\$100,000
Office for Citizen Initiative and Voluntary Action	-	25,000	25,000
Southwest Border Regional Commission	171,369	162,435	178,679
Office of Planning and Research	1,148,406	2,495,307	2,286,794
Office of Emergency Services	1,773,190	2,180,950	1,853,391
Lieutenant Governor	201,203	105,356	-
Department of Justice	1,837,619	3,019,744	3,842,685
State Controller	429,999	690,875	779,465
Totals, Executive	<u>\$5,684,594</u>	<u>\$8,886,667</u>	<u>\$9,066,014</u>
TOTALS, LEGISLATIVE/JUDICIAL/EXECUTIVE	<u>\$5,684,594</u>	<u>\$8,886,667</u>	<u>\$9,066,014</u>
STATE AND CONSUMER SERVICES			
Fair Employment and Housing	-	\$2,062,449	\$2,809,770
State Fire Marshal	\$4,542	17,000	17,000
Department of General Services	98,992	100,000	100,000
Intergovernmental Personnel Act Advisory Council	1,063,164	680,306	677,830
State Personnel Board	121,304	24,488	-
Department of Veterans Affairs:			
Veterans' Home of California	5,209,390	5,694,120	5,290,200
TOTALS, STATE AND CONSUMER SERVICES	<u>\$6,497,392</u>	<u>\$8,578,363</u>	<u>\$8,894,800</u>
BUSINESS AND TRANSPORTATION			
Business:			
Department of Economic and Business Development	\$115,975	\$161,258	\$176,483
Department of Housing and Community Development	247,858	327,160	318,215
Totals, Business	<u>\$363,833</u>	<u>\$488,418</u>	<u>\$494,698</u>
Transportation:			
Department of Transportation:			
Transportation Planning Program	\$125,000	-	-
Mass Transportation Program	384,177	\$1,481,310	\$1,505,860
Aeronautics Program	35,883	109,000	-
Highway Transportation	9,741,826	85,500,000	86,467,947
Totals, Department of Transportation	<u>\$10,286,886</u>	<u>\$87,090,310</u>	<u>\$87,973,807</u>
Office of Traffic Safety	\$1,052,700	\$15,150,691	\$6,000,000
Department of California Highway Patrol	1,897,928	3,553,153	669,948
Department of Motor Vehicles	109,851	126,626	-
Totals, Transportation	<u>\$13,347,365</u>	<u>\$105,920,780</u>	<u>\$94,643,755</u>
TOTALS, BUSINESS AND TRANSPORTATION	<u>\$13,711,198</u>	<u>\$106,409,198</u>	<u>\$95,138,453</u>
RESOURCES			
State Energy Resources Conservation and Development Commission ..	\$4,697,080	\$6,483,866	\$6,929,108
Solid Waste Management Board	1,968,432	3,097,453	3,657,161
Air Resources Board	1,327,500	2,676,259	1,800,920
Department of Conservation	612,856	686,105	378,741
Department of Forestry	2,147,544	2,942,165	1,524,059
State Lands Commission	169,612	75,000	75,000
Department of Fish and Game	6,890,110	9,090,984	9,948,369
Department of Boating and Waterways	158,066	405,884	243,542
California Coastal Commission	1,906,387	4,965,202	4,047,580
Department of Parks and Recreation	2,456,309	2,586,195	1,940,598
San Francisco Bay Conservation and Development Commission	485,573	-	-
Department of Water Resources	1,119,796	1,242,300	1,460,700
State Water Resources Control Board	10,517,200	12,899,529	10,830,716
TOTALS, RESOURCES	<u>\$34,456,465</u>	<u>\$47,150,942</u>	<u>\$42,836,494</u>

¹ Excludes Federal Revenue Sharing funds. These moneys are held in trust until appropriated by the Legislature and treated as General Fund revenue and expenditures.

Schedule 6
COMPARATIVE STATEMENT OF EXPENDITURES OF FEDERAL AID GRANTED TO
THE STATE OF CALIFORNIA FOR THE FISCAL YEARS
1978-79, 1979-80, AND 1980-81—Continued

	<i>Actual 1978-79</i>	<i>Estimated 1979-80</i>	<i>Estimated 1980-81</i>
HEALTH AND WELFARE			
State Council on Developmental Disabilities	—	\$3,292,179	\$3,270,116
Office of Statewide Health Planning and Development	\$2,589,027	3,020,003	3,037,488
Department of Aging	51,031,670	63,529,563	66,389,223
Department of Alcohol and Drug Programs	1,704,761	3,255,296	3,086,634
Department of Health Services	77,591,277	110,307,896	137,990,073
Department of Developmental Services:			
General Activities	634,355	712,195	712,195
Department of Mental Health:			
General Activities	1,218,894	1,705,362	1,350,000
Employment Development Department	1,535,755,069	1,640,318,375	1,817,901,418
Department of Rehabilitation	87,726,817	97,462,125	96,968,940
Department of Social Services	58,774,358	63,080,240	66,231,866
TOTALS, HEALTH AND WELFARE	\$1,817,026,228	\$1,986,683,234	\$2,196,937,953
EDUCATION			
Education—K thru 12:			
Department of Education:			
General Activities	\$22,609,500	\$34,286,427	\$30,158,126
Special Schools for the Handicapped	—	182,949	188,164
Division of Libraries	848,335	1,090,984	967,578
Totals, Department of Education	<u>\$23,457,835</u>	<u>\$35,560,360</u>	<u>\$31,313,868</u>
Advisory Council on Vocational Education	\$167,642	\$177,085	\$176,353
Commission for Teacher Preparation and Licensing	190,081	170,000	20,000
Totals, Education—K thru 12	<u>\$23,815,558</u>	<u>\$35,907,445</u>	<u>\$31,510,221</u>
Higher Education:			
Postsecondary Education Commission	\$1,603,910	\$1,679,021	\$1,517,572
University of California	1,109,694,666	1,118,594,585	1,140,299,585
Hastings College of Law	1,049,507	897,170	897,170
California State University and Colleges	81,981,025	92,641,128	94,494,386
California Maritime Academy	788,808	764,311	695,876
Student Aid Commission	10,266,372	12,429,900	12,429,900
Totals, Higher Education	<u>\$1,205,384,288</u>	<u>\$1,227,006,115</u>	<u>\$1,250,334,489</u>
TOTALS, EDUCATION	\$1,229,199,846	\$1,262,913,560	\$1,281,844,710
CORRECTIONAL PROGRAMS			
General Administration:			
Department of Corrections	\$221,600	\$184,852	\$69,979
Department of the Youth Authority	460,385	620,587	536,313
Totals, General Administration	<u>\$681,985</u>	<u>\$805,439</u>	<u>\$606,292</u>
TOTALS, CORRECTIONAL PROGRAMS	\$681,985	\$805,439	\$606,292
GENERAL GOVERNMENT			
General Administration:			
Department of Food and Agriculture	\$1,888,897	\$2,931,154	\$2,797,095
Department of Industrial Relations	11,980,153	14,034,486	13,866,167
California Arts Council	665,578	930,000	945,000
Military Department	128,463,605	135,886,681	140,745,891
Public Utilities Commission	118,502	427,511	413,329
Office of Criminal Justice Planning	12,127,366	12,937,943	10,761,995
Administration and Payment of Tort Liability Claims	8,931	—	—
Totals, General Administration	<u>\$155,253,032</u>	<u>\$167,147,775</u>	<u>\$169,529,477</u>
Miscellaneous:			
Legislative Claims	\$36,514	\$50,919	—
TOTALS, GENERAL GOVERNMENT	\$155,289,546	\$167,198,694	\$169,664,477
TOTALS, STATE OPERATIONS	\$3,262,547,254	\$3,588,626,097	\$3,804,854,193

Schedule 6

**COMPARATIVE STATEMENT OF EXPENDITURES OF FEDERAL AID GRANTED TO
THE STATE OF CALIFORNIA FOR THE FISCAL YEARS
1978-79, 1979-80, AND 1980-81—Continued**

<i>Capital Outlay</i>			
STATE AND CONSUMER AND SERVICES	Actual 1978-79	Estimated 1979-80	Estimated 1980-81
Department of General Services	\$918,193	\$4,754,771	-
BUSINESS AND TRANSPORTATION			
Transportation:			
Department of Transportation:			
Highway Transportation.....	\$397,591,277	\$410,772,233	\$393,094,000
RESOURCES			
Department of Fish and Game	\$2,640,400	-	-
Wildlife Conservation Board	1,451,271	-	-
California Coastal Conservancy.....	15,000	-	-
Department of Parks and Recreation	2,294,624	\$4,684,267	\$2,508,975
Division of Exposition and State Fair	449,976	2,000,349	-
Department of Water Resources	30,512	-	-
TOTALS, RESOURCES	<u>\$6,881,783</u>	<u>\$6,684,616</u>	<u>\$2,508,975</u>
HEALTH AND WELFARE			
Department of Developmental Services	\$779,176	\$2,024,628	-
Department of Mental Health	32,939	47,179	-
Employment Development Department	-160,003	1,053,068	-\$452,767
Department of Rehabilitation	153,037	56,900	334,080
Department of Social Services	77,333	-	83,500
TOTALS, HEALTH AND WELFARE	<u>\$882,482</u>	<u>\$3,181,775</u>	<u>-\$35,187</u>
EDUCATION			
Higher Education:			
University of California	\$1,536,056	\$2,989,367	\$1,848,000
Hastings College of Law	1,053,900	2,778,626	-
California State University and Colleges	1,968,438	325,420	-
California Maritime Academy	390,769	14,631	-
Totals, Higher Education	<u>\$4,949,163</u>	<u>\$6,108,044</u>	<u>\$1,848,000</u>
TOTALS, EDUCATION	<u>\$4,949,163</u>	<u>\$6,108,044</u>	<u>\$1,848,000</u>
CORRECTIONAL PROGRAMS			
General Administration:			
Department of Corrections	\$1,073,126	\$570,356	-
Department of the Youth Authority	447,374	371,108	-
Totals, General Administration	<u>\$1,520,500</u>	<u>\$941,464</u>	<u>-</u>
TOTALS, CORRECTIONAL PROGRAMS	<u>\$1,520,500</u>	<u>\$941,464</u>	<u>-</u>
GENERAL GOVERNMENT			
General Administration:			
Military Department	\$2,123,014	\$960,000	\$1,815,000
TOTALS, CAPITAL OUTLAY	<u>\$414,866,412</u>	<u>\$433,402,903</u>	<u>\$399,230,788</u>
<i>Local Assistance</i>			
LEGISLATIVE/JUDICIAL/EXECUTIVE			
Executive:			
Office of Planning and Research.....	\$3,371,655	\$494,000	\$500,000
Office of Emergency Services.....	41,455,848	52,697,864	52,909,913
Totals, Executive	<u>\$44,827,503</u>	<u>\$53,191,864</u>	<u>\$53,409,913</u>
TOTALS, LEGISLATIVE/JUDICIAL/EXECUTIVE	<u>\$44,827,503</u>	<u>\$53,191,864</u>	<u>\$53,409,913</u>
STATE AND CONSUMER SERVICES			
Intergovernmental Personnel Act Advisory Council	\$489,458	\$883,694	\$846,170
BUSINESS AND TRANSPORTATION			
Business:			
Department of Economic and Business Development	\$426,587	\$2,262,000	\$1,924,000
Department of Housing and Community Development.....	3,634,951	10,482,971	5,300,000
Totals, Business	<u>\$4,061,538</u>	<u>\$12,744,971</u>	<u>\$7,224,000</u>
Transportation:			
Department of Transportation:			
Transportation Planning Program.....	\$4,679,720	\$7,621,102	\$4,000,000
Highway Transportation.....	140,426,692	181,913,000	188,021,300
Totals, Department of Transportation	<u>\$145,106,412</u>	<u>\$189,534,102</u>	<u>\$192,021,300</u>
Office of Traffic Safety	7,512,928	21,471,273	9,000,000
Totals, Transportation	<u>\$152,619,340</u>	<u>\$211,005,375</u>	<u>\$201,021,300</u>
TOTALS, BUSINESS AND TRANSPORTATION	<u>\$156,680,878</u>	<u>\$223,750,346</u>	<u>\$208,245,300</u>

Schedule 6
COMPARATIVE STATEMENT OF EXPENDITURES OF FEDERAL AID GRANTED TO
THE STATE OF CALIFORNIA FOR THE FISCAL YEARS
1978-79, 1979-80, AND 1980-81—Continued

RESOURCES	Actual 1978-79	Estimated 1979-80	Estimated 1980-81
California Coastal Commission	—	\$4,510,021	\$1,345,000
Department of Parks and Recreation	\$21,793,760	8,649,600	22,939,847
TOTALS, RESOURCES	\$21,793,760	\$13,159,621	\$24,284,847
HEALTH AND WELFARE			
Department of Alcohol and Drug Programs:			
Alcoholism Program	\$4,817,334	\$4,933,910	\$5,244,436
Narcotics and Drug Abuse Program	15,753,190	17,478,303	26,022,036
Totals, Department of Alcohol and Drug Programs	\$20,570,524	\$22,412,213	\$31,266,472
Department of Health Services:			
Medical Assistance Program	\$1,395,118,826	\$1,590,235,103	\$1,795,786,918
Price and Provider Rate Increase	—	—	64,979,100
Public Health Services for Local Agency	21,617,702	17,143,970	18,755,341
California Children Services	4,642,700	4,704,700	5,470,870
Totals, Department of Health Services	\$1,421,379,228	\$1,612,083,773	\$1,884,992,229
Department of Developmental Services:			
Developmental Disabilities Program	545,266	—	—
Department of Social Services:			
AFDC Grants	\$860,448,298	\$1,035,120,200	\$1,289,749,100
Special Adult Programs	13,929,665	35,826,600	69,575,000
Special Social Service Programs	284,036,177	329,407,589	391,969,339
Special Programs	17,477,270	—	—
County Administration	197,660,823	211,722,432	227,724,900
Totals, Department of Social Services	\$1,373,552,233	\$1,612,076,821	\$1,979,018,339
TOTALS, HEALTH AND WELFARE	\$2,816,047,251	\$3,246,572,807	\$3,895,277,040
EDUCATION			
Education—K thru 12:			
Department of Education:			
Educationally Deprived Children	—	\$252,316,422	\$249,331,833
Educationally Disadvantaged Youth Program	\$228,104,983	—	—
Migrant Education	33,153,341	46,724,292	43,210,360
Educational Improvement for the Handicapped	47,772,387	82,864,484	102,808,330
Adult and Vocational Education	49,388,317	54,967,321	52,334,389
Career Education Incentive Act	—	1,515,033	1,537,838
Child Development	457,000	457,000	457,000
Instructional Support—Federal	36,003,069	41,580,434	40,761,922
Child Nutrition	249,615,443	281,939,516	296,205,828
Assistance to Public Libraries	4,198,652	5,564,914	4,694,652
Totals, Department of Education	\$648,693,192	\$767,929,416	\$791,342,152
Totals, Education—K thru 12	\$648,693,192	\$767,929,416	\$791,342,152
TOTALS, EDUCATION	\$648,693,192	\$767,929,416	\$791,342,152
GENERAL GOVERNMENT			
General Administration:			
Financial Assistance to Local Fairs	\$120,000	—	—
Office of Criminal Justice Planning	35,151,499	\$35,917,651	\$27,945,781
Totals, General Administration	\$35,271,499	\$35,917,651	\$27,945,781
Shared Revenues:			
Federal Receipts From Flood Control Lands	\$283,594	\$285,000	\$290,000
Federal Receipts From Forest Reserves	49,613,260	50,000,000	50,000,000
Federal Receipts From Grazing Land	151,427	160,000	160,000
Federal Potash Lease Rentals for General Government	1,381,828	1,500,000	1,500,000
Totals, Shared Revenues	\$51,430,109	\$51,945,000	\$51,950,000
TOTALS, GENERAL GOVERNMENT	\$86,701,608	\$87,862,651	\$79,895,781
TOTALS, LOCAL ASSISTANCE	\$3,775,233,650	\$4,393,350,399	\$5,053,301,203
TOTAL	\$7,452,647,316	\$8,415,379,399	\$9,257,386,184
State Operations	3,262,547,254	3,588,626,097	3,804,854,193
Capital Outlay	414,866,412	433,402,903	399,230,788
Local Assistance	3,775,233,650	4,393,350,399	5,053,301,203

Schedule 7

SUMMARY OF PROPOSED EXPENDITURES BY METHOD OF APPROPRIATION FOR THE FISCAL YEAR 1980-81

	Proposed Budget Act of 1980			Constitution and Statutory Authorizations			Appropriation authorizations other than Budget Act or Constitution			Total	
	General Fund			General Fund			General Fund			Total	
	Special funds	Special funds	Total	Special funds	Special funds	Total	Special funds	Special funds	Total	cost funds	including selected bond funds
LEGISLATIVE/JUDICIAL/EXECUTIVE											
Legislative:											
Legislature.....	\$70,988,524	-	\$70,988,524	-	\$1,788,379	\$1,788,379	-	\$2,185,367	-	\$74,962,270	\$74,962,270
(Statutory Authorization)	3,524,475	-	3,524,475	(3,524,475)	-	(3,524,475)	-	-	-	3,524,475	3,524,475
Legislative Counsel Bureau.....	7,518,474	-	7,518,474	-	-	-	-	-	-	7,518,474	7,518,474
Law Revision Commission.....	347,751	-	347,751	-	-	-	-	-	-	347,751	347,751
Commission on Uniform State Laws.....	43,142	-	43,142	-	-	-	-	-	-	43,142	43,142
Contributions to Legislators' Retirement Fund.....	-	-	-	660,000	-	660,000	-	-	-	660,000	660,000
Totals, Legislative.....	\$82,422,366	-	\$82,422,366	\$660,000	\$1,788,379	\$2,448,379	-	\$2,185,367	-	\$87,056,112	\$87,056,112
				(3,524,475)		(3,524,475)					
Judicial:											
Judicial.....	\$25,504,571	\$44,778	\$25,549,349	-	-	-	-	-	-	\$25,549,349	\$25,549,349
Contributions to Judges' Retirement Fund.....	480,328	-	480,328	\$347,159	-	\$347,159	-	-	-	827,487	827,487
National Center for State Courts.....	14,000	-	14,000	-	-	-	-	-	-	14,000	14,000
Totals, Judicial.....	\$25,998,899	\$44,778	\$26,043,677	\$347,159	-	\$347,159	-	-	-	\$26,390,836	\$26,390,836
Executive:											
Governor.....	\$4,061,494	-	\$4,061,494	-	-	-	-	-	-	\$4,061,494	\$4,061,494
Secretary for State and Consumer Services.....	742,685	-	742,685	-	-	-	-	-	-	742,685	742,685
Secretary for Business and Transportation.....	188,173	\$676,947	\$865,120	-	-	-	-	\$85,000	-	950,120	950,120
Secretary for Health and Welfare.....	1,543,481	-	1,543,481	-	-	-	-	635,086	-	2,178,567	2,178,567
Secretary for Resources.....	1,011,859	-	1,011,859	-	-	-	-	-	-	1,011,859	1,011,859
Secretary for Youth and Adult Correctional Agency.....	238,512	-	238,512	-	-	-	-	-	-	238,512	238,512
Office for Citizen Initiative and Voluntary Act.....	153,930	-	153,930	-	-	-	-	-	-	153,930	153,930
Southwest Border Regional Commission.....	50,000	-	50,000	-	-	-	-	-	-	50,000	50,000
(Federal Authorization)	-	(178,679)	(178,679)	-	-	-	-	-	-	-	-
Office of Employee Relations.....	709,341	-	709,341	-	-	-	-	-	-	709,341	709,341
Office of Planning and Research.....	2,975,537	-	2,975,537	-	-	-	-	-	-	2,975,537	2,975,537
Office of Emergency Services.....	3,322,270	-	3,322,270	-	\$200,830	\$200,830	-	-	-	3,523,100	3,523,100
Lieutenant Governor.....	921,833	-	921,833	-	-	-	-	-	-	921,833	921,833
Commissioner of the California.....	84,366	-	84,366	-	-	-	-	-	-	84,366	84,366
Department of Justice.....	12,247,697	-	12,247,697	-	-	-	-	-	-	12,247,697	12,247,697
State Controller.....	1,763,005	-	1,763,005	-	-	-	-	-	-	1,763,005	1,763,005
(Others).....	74,632,905	-	74,632,905	-	-	-	-	-	-	74,632,905	74,632,905
(Others).....	58,426,771	-	58,426,771	-	-	-	-	-	-	58,426,771	58,426,771
Secretary of State.....	9,889,386	-	9,889,386	-	-	-	-	-	-	9,889,386	9,889,386
Commission on Voting Machines and Vote Tabulating Devices.....	10,350	-	10,350	-	-	-	-	-	-	10,350	10,350
State Treasurer.....	2,774,552	-	2,774,552	-	-	-	-	-	-	2,774,552	2,774,552
Totals, Executive.....	\$197,570,794	\$17,638,146	\$215,208,940	-	\$200,830	\$200,830	-	\$85,000	-	\$216,129,856	\$216,129,856
		(1,851,505)	(1,851,505)								
TOTALS, LEGISLATIVE/JUDICIAL/EXECUTIVE	\$305,992,059	\$17,682,924	\$323,674,983	\$1,007,159	\$1,989,209	\$2,996,368	-	\$85,000	-	\$329,576,804	\$329,576,804
		(1,851,505)	(1,851,505)	(3,524,475)		(3,524,475)					

Schedule 7
SUMMARY OF PROPOSED EXPENDITURES BY METHOD OF APPROPRIATION FOR THE FISCAL YEAR 1980-81—Continued

	Proposed Budget Act of 1980		Constitution and Statutory Authorizations ¹		Appropriation authorizations other than Budget Act or Constitution and Statutory Authorizations ¹		Total governmental cost funds ³		Total including selected bond funds ⁶	
	General Fund	Special funds	General Fund	Special funds	General Fund	Special funds	General Fund	Special funds	General Fund	Special funds
STATE AND CONSUMER SERVICES										
Museum of Science and Industry	\$3,192,609	-	\$3,192,609	-	-	-	-	-	\$3,192,609	-
Department of Consumer Affairs (Statutory Authorization)	1,570,063	\$41,632,077	43,202,140	-	\$60,000	-	-	-	43,262,140	-
(Others)	-	5,000	5,000	-	(5,000)	-	-	-	5,000	-
Fair Employment and Housing	5,565,833	(7,779,031)	(7,779,031)	-	-	-	-	-	5,565,833	-
State Fire Marshal	3,484,195	-	3,484,195	-	-	-	-	-	3,484,195	-
Franchise Tax Board	78,452,093	-	78,452,093	-	-	-	-	-	78,452,093	-
Department of General Services (Others)	5,672,499	2,682,123	8,294,622	-	5,338,182	-	-	-	13,572,804	-
(188,267,504)	(188,267,504)	(188,267,504)	(188,267,504)	-	-	-	-	-	-	-
Intergovernmental Personnel Act Advisory Council (Federal Authorization)	-	(677,830)	(677,830)	-	-	-	-	-	-	-
State Personnel Board (Others)	22,154,900	-	22,154,900	-	-	-	-	-	22,154,900	-
Public Employees Retirement System (Others)	106,538	(1,203,692)	(1,203,692)	-	-	-	-	-	-	-
State Teachers' Retirement System (Others)	-	(19,530,316)	(19,530,316)	-	-	-	-	-	-	-
Department of Veterans Affairs (Others)	18,295,603	(8,845,902)	(8,845,902)	-	-	-	-	-	18,295,603	-
(504,770)	(504,770)	(504,770)	(504,770)	-	-	-	-	-	-	-
TOTALS, STATE AND CONSUMER SERVICES	\$138,434,333	\$44,319,200	\$182,753,533	\$5,398,182	\$5,398,182	(\$5,000)	(\$5,000)	(\$5,000)	\$188,091,715	\$188,091,715
		(226,809,045)	(226,809,045)	-	-	-	-	-	-	-
BUSINESS AND TRANSPORTATION										
Business:										
Department of Alcoholic Beverage Control	\$12,450,227	-	\$12,450,227	-	-	-	-	-	\$12,450,227	-
Alcoholic Beverage Control Appeals Board	252,328	-	252,328	-	-	-	-	-	252,328	-
Banking Department	5,413,989	\$5,413,989	5,413,989	-	-	-	-	-	5,413,989	-
Department of Corporations	8,058,001	-	8,058,001	-	-	-	-	-	8,058,001	-
Department of Economic and Business Development	7,872,401	-	7,872,401	-	-	-	-	-	7,872,401	-
Department of Housing and Community Development	11,640,542	610,000	12,250,542	-	-	-	\$250,000	-	12,500,542	-
Department of Insurance	8,848,040	-	8,848,040	-	\$460,157	-	-	-	9,308,197	-
Department of Real Estate	-	12,692,024	12,692,024	-	-	-	-	-	12,692,024	-
Department of Savings and Loan	-	6,565,874	6,565,874	-	-	-	-	-	6,565,874	-
Totals, Business	\$49,121,539	\$25,281,887	\$74,403,426	\$460,157	\$460,157	(\$5,000)	\$250,000	\$250,000	\$75,113,583	\$75,113,583

Schedule 7

SUMMARY OF PROPOSED EXPENDITURES BY METHOD OF APPROPRIATION FOR THE FISCAL YEAR 1980-81—Continued

	Proposed Budget Act of 1980		Constitution and Statutory Authorizations ¹		Appropriation authorizations other than Budget Act or Constitution and Statutory Authorizations ¹		Total		Total		Total	
	General Fund	Special funds	Total	General Fund	Special funds	Total	General Fund	Special funds	governmental cost funds ³	including selected bond funds ^c	governmental cost funds ³	including selected bond funds ^c
Transportation:												
State Transportation Commission.....	-	-	968,005	968,005	-	-	-	-	-	968,005	-	968,005
Department of Transportation.....	501,641,404	-	501,641,404	501,641,404	-	-	271,749	-	4,244,526	506,157,679	506,157,679	506,157,679
(Statutory Authorization).....	-	-	49,375	49,375	-	-	(49,375)	-	-	49,375	-	49,375
(Transfer).....	-	-	(10,748,671)	(10,748,671)	-	-	-	-	-	-	-	-
(Constitutional Authorization).....	-	-	58,115	58,115	-	-	(58,115)	-	-	58,115	-	58,115
Office of Traffic Safety.....	-	-	303,150	303,150	-	-	-	-	-	303,150	-	303,150
Department of California Highway Patrol.....	-	-	269,432,104	269,432,104	-	-	-	-	-	269,432,104	-	269,432,104
(Deficiencies).....	-	-	(1,000,000)	(1,000,000)	-	-	-	-	-	-	-	-
(Advance Authorization).....	-	-	(2,500,000)	(2,500,000)	-	-	-	-	-	-	-	-
Department of Motor Vehicles.....	-	-	164,261,292	164,261,292	-	-	-	-	-	164,261,292	-	164,261,292
(Deficiencies).....	-	-	(500,000)	(500,000)	-	-	-	-	-	-	-	-
(Others).....	-	-	(1,932,133)	(1,932,133)	-	-	-	-	-	-	-	-
Traffic Adjudication Board.....	-	-	1,198,045	1,198,045	-	-	-	-	-	1,198,045	-	1,198,045
Stephen P. Teale Consolidated Data Center.....	-	-	-	-	-	-	-	-	-	-	-	-
(Others).....	-	-	(18,314,338)	(18,314,338)	-	-	-	-	-	-	-	-
Totals, Transportation.....	\$205,926	-	\$937,911,490	\$938,117,416	-	-	\$271,749	\$271,749	\$4,244,526	\$942,633,691	\$942,633,691	\$942,633,691
			(34,995,142)	(34,995,142)			(107,490)	(107,490)				
TOTALS, BUSINESS AND TRANSPORTATION.....	\$49,327,465	-	\$963,193,377	\$1,012,520,842	-	-	\$731,906	\$731,906	\$4,244,526	\$1,017,747,274	\$1,017,747,274	\$1,017,747,274
			(34,995,142)	(34,995,142)			(107,490)	(107,490)				
RESOURCES												
Special Resources Programs.....	\$850,469	-	\$850,469	\$850,469	-	-	-	-	-	\$850,469	-	\$850,469
California Conservation Corps.....	21,452,843	-	21,452,843	21,452,843	-	-	-	-	-	21,452,843	-	21,452,843
State Energy Resources Conservation and Development Commission.....	-	-	24,488,043	24,488,043	-	-	-	-	-	24,488,043	-	24,488,043
Solid Waste Management Board.....	1,519,030	-	12,440,000	13,959,030	-	-	-	-	\$10,177,061	13,959,030	13,959,030	13,959,030
Air Resources Board.....	4,413,522	-	35,931,314	40,344,836	-	-	-	-	-	40,344,836	-	40,344,836
Colorado River Board.....	158,568	-	-	158,568	-	-	-	-	-	158,568	-	158,568
Department of Conservation.....	8,943,495	-	2,806,018	11,749,513	-	-	-	-	-	11,749,513	-	11,749,513
Department of Forestry.....	104,185,339	-	1,408,457	105,593,796	-	-	-	-	-	105,593,796	-	105,593,796
(Others).....	-	-	(9,677,668)	(9,677,668)	-	-	-	-	-	-	-	-
(Transfer).....	-	-	(1,862,261)	(1,862,261)	-	-	-	-	-	-	-	-
State Lands Commission.....	6,163,960	-	725,000	6,888,960	-	-	-	-	-	6,888,960	-	6,888,960
Seismic Safety Commission.....	312,883	-	-	312,883	-	-	-	-	-	312,883	-	312,883
Department of Fish and Game.....	4,912,324	-	35,895,247	40,807,571	-	-	-	-	-517,000	40,290,571	40,290,571	40,290,571
Wildlife Conservation Board.....	-	-	330,111	330,111	-	-	-	-	-	330,111	-	330,111
Department of Boating and Waterways.....	249,004	-	-	249,004	-	-	-	-	-	249,004	-	249,004
(Others).....	-	-	(2,304,545)	(2,304,545)	-	-	-	-	-	-	-	-
California Coastal Commission.....	5,767,204	-	173,100	5,940,304	-	-	-	-	-	5,940,304	-	5,940,304
California Coastal Conservancy.....	-	-	-	-	-	-	-	-	-	-	-	-
(Others).....	-	-	(896,983)	(896,983)	-	-	-	-	-	-	-	-
Department of Parks and Recreation.....	62,881,648	-	6,420,284	69,301,932	-	-	-	-	-	69,301,932	-	69,301,932
(Others).....	-	-	(281,029)	(281,029)	-	-	-	-	-	-	-	-
Division of Exposition and State Fair.....	8,124,381	-	-	8,124,381	-	-	\$265,000	\$265,000	-	8,389,381	8,389,381	8,389,381
Santa Monica Mountains Conservancy.....	281,730	-	-	281,730	-	-	-	-	-	281,730	-	281,730
(Others).....	-	-	(281,730)	(281,730)	-	-	-	-	-	-	-	-
San Francisco Bay Conservation and Development Commission.....	720,683	-	-	720,683	-	-	-	-	-	720,683	-	720,683
Department of Water Resources.....	24,002,200	-	3,244,200	27,246,400	-	-	-	-	-	27,246,400	-	27,246,400
State Water Resources Control Board.....	12,806,863	-	-	12,806,863	-	-	-	-	-	12,806,863	-	12,806,863
(Bonds).....	-	-	-	-	-	-	5,469,199	5,469,199	-	5,469,199	-	5,469,199
TOTALS, RESOURCES.....	\$267,746,146	-	\$124,196,790	\$391,942,936	-	-	\$5,734,199	\$5,734,199	\$9,660,061	\$401,867,997	\$401,867,997	\$401,867,997
			(15,304,216)	(15,304,216)								

Schedule 7

SUMMARY OF PROPOSED EXPENDITURES BY METHOD OF APPROPRIATION FOR THE FISCAL YEAR 1980-81—Continued

	Proposed Budget Act of 1980		Constitution and Statutory Authorizations ¹		Appropriation authorizations other than Budget Act or Constitution and Statutory Authorizations ¹		Total		Total	
	General Fund	Special Funds	General Fund	Special Funds	General Fund	Special Funds	General Fund	Special Funds	governmental cost funds ³	including selected bond funds ^c
HEALTH AND WELFARE										
State Council on Developmental Disability (Federal Authorization)	-	-	(3,270,116)	(3,270,116)	-	-	-	-	-	-
Health and Welfare Agency Consolidated Data Center (Others)	-	-	(15,374,546)	(15,374,546)	-	-	-	-	-	-
Office of Statewide Health Plan and Development	\$1,231,663	-	\$1,231,663	-	\$1,967,973	\$1,967,973	\$125,772	\$125,772	\$3,325,408	\$3,325,408
Department of Aging	1,189,874	-	1,189,874	-	-	-	419,051	419,051	1,633,925	1,633,925
Department of Alcohol and Drug Abuse Programs	6,141,367	-	6,141,367	-	-	-	-	-	6,141,367	6,141,367
Governor's Advisory Committee on Child Care	105,972	-	105,972	-	-	-	-	-	105,972	105,972
Department of Health Services	79,289,242	-	79,289,242	-	9,121,122	9,121,122	-822,684	-822,684	89,342,565	89,342,565
(Federal Authorization)	-	-	(89,052,995)	(89,052,995)	-	-	-	-	-	-
Department of Developmental Services	14,666,972	-	14,666,972	-	-	-	-	-	14,666,972	14,666,972
Department of Mental Health	69,226,026	-	69,226,026	-	-	-	381,984	381,984	69,608,010	69,608,010
Department of Social Services	18,220,291	-	18,220,291	-	180,505	180,505	8,000,000	8,000,000	31,499,291	31,499,291
Employment Development Department	-	-	(37,089,748)	(37,089,748)	-	-	-	-	-	-
(Others)	-	-	17,324,623	17,324,623	-	-	-	-	17,324,623	17,324,623
Department of Rehabilitation	43,938,948	-	43,938,948	-	-	-	-	-	43,938,948	43,938,948
Department of Social Services	-	-	2,100,217	2,100,217	-	-	-	-	2,100,217	2,100,217
California Health Facilities Commission	-	-	-	-	-	-	-	-	-	-
TOTALS, HEALTH AND WELFARE	\$251,334,978	-	\$7,537,576 (144,787,403)	\$258,872,554 (144,787,403)	\$11,269,600	\$11,269,600	\$8,104,123	\$9,545,144	\$279,687,298	\$279,687,298
EDUCATION										
Education—K through 12:										
Department of Education	\$60,481,361	-	\$60,481,361	-	\$1,371,553 (863,790)	\$1,371,553 (863,790)	\$26,800	\$26,800	\$61,879,714	\$61,879,714
(Statutory Authorization)	863,790	-	863,790	-	-	-	-	-	863,790	863,790
(Others)	-	-	(34,089,895)	(34,089,895)	-	-	-	-	-	-
(Federal Authorization)	-	-	(31,313,868)	(31,313,868)	-	-	-	-	-	-
Advisory Council on Vocational Education	99,382	-	99,382	-	-	-	-	-	99,382	99,382
Commission for Teacher Preparation and Licensing	-	-	3,448,424	3,448,424	-	-	-	-	3,448,424	3,448,424
Totals, Education—K through 12	\$61,444,533	-	\$3,448,424 (65,403,763)	\$64,892,957 (65,403,763)	\$1,371,553 (863,790)	\$1,371,553 (863,790)	\$26,800	\$26,800	\$66,291,310	\$66,291,310

Schedule 7

SUMMARY OF PROPOSED EXPENDITURES BY METHOD OF APPROPRIATION FOR THE FISCAL YEAR 1980-81—Continued

	Proposed Budget Act of 1980		Constitution and Statutory Authorizations ¹		Appropriation authorizations other than Budget Act or Constitution ²		Total		Total including selected bond funds ³
	General Fund	Special funds	General Fund	Special funds	General Fund	Special funds	governmental cost funds ³		
Higher Education:									
Postsecondary Education Commission.....	\$1,942,383	-	\$1,942,383	-	-	-	-	\$1,942,383	\$1,942,383
University of California.....	959,650,604	56,318,100	965,968,704	-	-	-	-	965,968,704	965,968,704
Hastings College of Law.....	6,210,471	-	6,210,471	-	-	-	-	6,210,471	6,210,471
California State University and Colleges.....	852,608,561	3,647,285	856,255,846	-	-	-	-	856,255,846	856,255,846
California Maritime Academy.....	3,004,448	-	3,004,448	-	-	-	-	3,004,448	3,004,448
Board of Governors of the California Community Colleges.....	3,197,517	389,220	3,586,737	-	-	-	-	3,586,737	3,586,737
Student Aid Commission.....	83,027,590	-	83,027,590	-	-	-	-	83,027,590	83,027,590
(Others).....	-	(1,769,059)	(1,769,059)	-	-	-	-	-	-
Totals, Higher Education.....	\$1,909,641,574	\$10,354,605	\$1,919,996,179	-	-	-	-	\$1,919,996,179	\$1,919,996,179
TOTALS, EDUCATION.....	\$1,971,086,107	\$13,803,029	\$1,984,889,136	\$1,371,553 (863,790)	-	\$26,800	\$1,986,287,489	\$1,986,287,489	\$1,986,287,489
CORRECTIONAL PROGRAMS									
Department of Corrections.....	\$325,247,148	-	\$325,247,148	-	-	-	-	\$325,247,148	\$325,247,148
(Others).....	-	(33,381,060)	(33,381,060)	-	-	-	-	-	-
Board of Prison Terms.....	5,440,156	-	5,440,156	-	-	-	-	5,440,156	5,440,156
Youthful Offender Parole Board.....	2,069,140	-	2,069,140	-	-	-	-	2,069,140	2,069,140
Department of the Youth Authority.....	140,473,972	-	140,473,972	-	-	-	-	140,473,972	140,473,972
Institutional Review Board.....	56,400	-	56,400	-	-	-	-	56,400	56,400
TOTALS, CORRECTIONAL PROGRAMS.....	\$473,286,816	(33,381,060)	\$440,000	-	-	-	\$473,286,816	\$473,286,816	\$473,286,816
GENERAL GOVERNMENT									
General Administration:									
Fair Political Practice Commission.....	\$2,065,921	-	\$2,065,921	-	-	-	-	\$2,065,921	\$2,065,921
Political Reform Act of 1974.....	8,642,244	-	8,642,244	-	-	-	-	8,642,244	8,642,244
Agricultural Labor Relations Board.....	3,825,545	-	3,825,545	-	-	-	-	3,825,545	3,825,545
Public Employment Relations Board.....	10,825,838	-	10,825,838	-	-	-	-	10,825,838	10,825,838
Department of Finance.....	6,090,980	-	6,090,980	-	-	-	-	6,090,980	6,090,980
California Fiscal Information System.....	21,907,047	\$22,399,600	50,306,647	\$1,500,000	-	\$591,687	51,806,647	51,806,647	51,806,647
Department of Food and Agriculture.....	66,537,641	-	66,537,641	-	-	-	66,537,641	66,537,641	66,537,641
Workers Compensation Benefits.....	2,790,000	-	2,790,000	-	-	-	2,790,000	2,790,000	2,790,000
Commission on Government Organization and Economy.....	190,653	-	190,653	-	-	-	190,653	190,653	190,653
Commission on Interstate Cooperation.....	79,014	-	79,014	-	-	-	79,014	79,014	79,014
Office of Administrative Law:									
(Loans).....	(187,000)	-	(187,000)	-	-	-	-	-	-
Agenda/office for Implementation of the Office of Administrative Law.....	2,000,000	-	2,000,000	-	-	-	-	2,000,000	2,000,000
(Others).....	11,550,951	(500,000)	11,050,951	-	-	-	-	11,550,951	11,550,951
California Arts Council.....	804,200	-	804,200	-	-	-	-	804,200	804,200
California Broadcasting Commission.....	303,305	(819,867)	(516,562)	-	-	-	-	-	-
(Others).....	303,305	-	303,305	-	-	-	-	303,305	303,305
Commission for Economic Development.....	576,364	-	576,364	-	-	-	-	576,364	576,364
Commission on State Finance.....	11,574,409	-	11,574,409	-	-	-	-	11,574,409	11,574,409
Military Department.....	17,235,408	-	17,235,408	-	-	-	-	17,235,408	17,235,408
Public Utilities Commission.....	303,805	-	303,805	-	-	-	-	303,805	303,805
Commission on the Status of Women.....	193,859	-	193,859	-	-	-	-	193,859	193,859
Native American Heritage Commission.....	1,100,316	-	1,100,316	-	-	-	-	1,100,316	1,100,316
Horse Racing Board.....	237,543	-	237,543	-	-	-	-	237,543	237,543
Board of Osteopathic Examiners.....	-	-	-	-	-	-	-	-	-
Board of Chiropractic Examiners.....	-	-	-	-	-	-	-	-	-

Schedule 7

SUMMARY OF PROPOSED EXPENDITURES BY METHOD OF APPROPRIATION FOR THE FISCAL YEAR 1980-81—Continued

	Proposed Budget Act of 1980		Constitution and Statutory Authorizations ¹		Appropriation authorizations other than Budget Act or Constitution and Statutory Authorizations ¹		Total	
	General Fund	Special funds	General Fund	Special funds	General Fund	Special funds	governmental cost funds ³	Total including selected bond funds ⁶
Board of Pilot Commissioners	-	61,251	61,251	-	-	-	61,251	61,251
California Information Systems Implementation Committee	51,994	-	51,994	-	-	-	51,994	51,994
Commission on Peace Officer Standards and Training	-	2,825,825	2,825,825	-	-	-	2,825,825	2,825,825
Office of Criminal Justice Planning	-	35,000	1,761,285	-	-	-	1,761,285	1,761,285
(Federal Authorization)	-	(9,481,395)	(9,481,395)	-	-	-	-	-
State Public Defender	-	6,502,915	6,502,915	-	-	-	6,502,915	6,502,915
Administration and Payment of Tort Liability Claims	-	500,000	500,000	-	-	-	500,000	500,000
State Board of Control	-	677,066	677,066	-	-	-	677,066	677,066
Indemnification of Private Citizens	-	3,496,914	8,095,263	-	-	-	8,095,263	8,095,263
State Bar of California	-	25,000	25,000	-	-	-	25,000	25,000
Totals, General Administration	\$186,477,358 (187,000)	\$45,661,895 (10,801,262)	\$232,139,253 (10,988,262)	\$1,609,626	\$5,889,626	\$591,687	\$238,620,566	\$238,620,566
Debt Service:								
Bond Interest and Redemption	-	-	-	\$220,224,280	-	-	\$220,224,280	\$220,224,280
Miscellaneous:								
Working Capital Advance	-	-	-	-	-	-	-	-
Health Benefits for Annuitants	\$33,033,000	-	\$33,033,000	-	-	-	\$33,033,000	\$33,033,000
Totals, Miscellaneous	\$33,033,000	-	\$33,033,000	-	-	-	\$33,033,000	\$33,033,000
Unallocated:								
Augmentation for Employee Compensation	\$280,700,000	\$70,839,000	\$351,539,000	-	-	-	\$351,539,000	\$351,539,000
(Others)	-	(75,645,000)	(75,645,000)	-	-	-	-	-
Reserve for Contingencies and Emergencies	1,500,000	1,500,000	3,000,000	-	-	-	3,000,000	3,000,000
(Loans)	(2,500,000)	-	(2,500,000)	-	-	-	-	-
(Others)	-	(1,500,000)	(1,500,000)	-	-	-	-	-
Augmentation for Price Increases	6,218,000	2,919,000	9,137,000	-	-	-	9,137,000	9,137,000
(Others)	-	(4,009,000)	(4,009,000)	-	-	-	-	-
Totals, Unallocated	\$288,418,000	\$75,258,000	\$363,676,000	-	-	-	\$363,676,000	\$363,676,000
Federal Revenue Sharing	-	(276,200,000)	(276,200,000)	-	-	-	-	-
(Others)	\$507,928,358	\$120,919,895	\$628,848,253	\$221,833,906	\$226,113,906	\$585,437	\$855,547,596	\$855,547,596
TOTALS, GENERAL GOVERNMENT	\$2,687,000	\$368,155,262	\$370,842,262	\$221,833,906	\$226,113,906	\$585,437	\$855,547,596	\$855,547,596
Miscellaneous:								
Credits to General Fund for Overhead Charges to Special Funds	-	-	-	-	-	-	-	-
Credits to General Fund for Overhead Charges to Federal Funds	-	-	-	-	-	-	-	-
Estimated Unidentifiable Savings	-	-	-	-	-	-	-	-
Totals, Miscellaneous	\$3,965,136,262	\$1,291,652,791	\$5,256,789,053	\$224,212,618	\$253,615,714	\$8,090,601	\$5,456,336,093	\$5,456,336,093
TOTALS, STATE OPERATIONS	\$2,687,000	\$389,436,457	\$392,123,457	\$224,212,618	\$253,615,714	\$8,090,601	\$5,456,336,093	\$5,456,336,093

Schedule 7

SUMMARY OF PROPOSED EXPENDITURES BY METHOD OF APPROPRIATION FOR THE FISCAL YEAR 1980-81—Continued

	Proposed Budget Act of 1980		Constitution and Statutory Authorizations ¹		Appropriation authorizations other than Budget Act or Constitution and Statutory Authorizations ¹		Total		Total		Total	
	General Fund	Special funds	General Fund	Special funds	General Fund	Special funds	General Fund	Special funds	governmental cost funds ³	including selected bond funds ^c	governmental cost funds ³	including selected bond funds ^c
CAPITAL OUTLAY												
LEGISLATIVE/JUDICIAL/EXECUTIVE												
Legislative	-	-	-	-	-	-	-	-	\$21,006,623	\$21,006,623	\$21,006,623	\$21,006,623
Judicial	-	-	-	-	-	-	-	-	-	-	-	-
Executive	\$75,000	-	\$75,000	-	-	-	-	-	-	-	75,000	75,000
Lieutenant Governor	25,000	-	25,000	-	-	-	-	-	-	-	25,000	25,000
Department of Justice	45,466	-	45,466	-	-	-	-	-	-	-	45,466	45,466
State Controller	90,000	-	90,000	-	-	-	-	-	-	-	90,000	90,000
Board of Equalization	17,500	-	17,500	-	-	-	-	-	-	-	17,500	17,500
Secretary of State	39,000	-	39,000	-	-	-	-	-	-	-	39,000	39,000
Totals, Executive	\$216,966	-	\$216,966	-	-	-	-	-	-	-	\$216,966	\$216,966
TOTALS, LEGISLATIVE/JUDICIAL/EXECUTIVE	\$291,966	-	\$291,966	-	-	-	-	-	\$21,006,623	\$21,006,623	\$21,298,589	\$21,298,589
STATE AND CONSUMER SERVICES												
Museum of Science and Industry	\$99,000	\$20,000	\$119,000	-	-	-	-	-	-	-	\$119,000	\$119,000
Franchise Tax Board	160,784	-	160,784	-	-	-	-	-	-	-	160,784	160,784
Department of General Services	47,828,546	1,000,000	48,828,546	-	-	-	-	-	-	-	48,828,546	48,828,546
(Others)	-	(179,900)	(179,900)	-	-	-	-	-	-	-	-	-
State Personnel Board	39,000	-	39,000	-	-	-	-	-	-	-	39,000	39,000
Department of Veterans Affairs	329,241	-	329,241	-	-	-	-	-	-	-	329,241	329,241
TOTALS, STATE AND CONSUMER SERVICES	\$48,456,571	\$1,020,000	\$49,476,571	-	-	-	-	-	-	-	\$49,476,571	\$49,476,571
BUSINESS AND TRANSPORTATION												
Transportation	-	(179,900)	(179,900)	-	-	-	-	-	-	-	-	-
Department of Transportation	\$144,531,125	\$144,531,125	\$289,062,250	-	\$3,000,000	\$3,000,000	\$289,062,250	\$3,000,000	\$7,486,758	\$7,486,758	\$155,017,883	\$155,017,883
Department of California Highway Patrol	6,202,815	6,202,815	12,405,630	-	-	-	12,405,630	-	-	-	6,202,815	6,202,815
Department of Motor Vehicles	9,699,810	9,699,810	19,399,620	-	-	-	19,399,620	-	-	-	9,699,810	9,699,810
Totals, Transportation	\$28,000	\$160,433,750	\$160,461,750	-	\$3,000,000	\$3,000,000	\$160,461,750	\$3,000,000	\$7,486,758	\$7,486,758	\$170,948,508	\$170,948,508
TOTALS, BUSINESS AND TRANSPORTATION	\$28,000	\$160,433,750	\$160,461,750	-	\$3,000,000	\$3,000,000	\$160,461,750	\$3,000,000	\$7,486,758	\$7,486,758	\$170,948,508	\$170,948,508

Schedule 7

SUMMARY OF PROPOSED EXPENDITURES BY METHOD OF APPROPRIATION FOR THE FISCAL YEAR 1980-81—Continued

	Proposed Budget Act of 1980		Constitution and Statutory Authorizations ¹		Appropriation authorizations other than Budget Act or Constitution and Statutory Authorizations ¹		Total governmental cost funds ³	Total including selected bond funds ^c
	General Fund	Special funds	Total	General Fund	Special funds	Total		
RESOURCES								
California Conservation Corps	\$200,990		\$227,000	\$427,990	-	-	\$427,990	\$427,990
Department of Forestry	3,538,144		-	3,538,144	-	-	3,538,144	3,538,144
Department of Fish and Game	-		5,557,320	5,557,320	-	-	5,557,320	5,557,320
Wildlife Conservation Board	-		-	-	-	\$2,082,500	2,082,500	2,082,500
Department of Boating and Waterways	-		-	-	-	-	-	-
(Bonds)	-		-	-	-	-	-	-
(Others)	-		823,780	823,780	-	-	-	823,780
California Coastal Conservancy	-		(615,100)	(615,100)	-	-	-	-
Department of Parks and Recreation	-		765,350	765,350	-	-	765,350	765,350
(Bonds)	1,126,517		6,201,537	7,328,054	-	-	7,328,054	7,328,054
Division of Exposition and State Fair	-		14,328,291	14,328,291	-	-	14,328,291	14,328,291
Santa Monica Mountains Conservancy	1,201,000		-	1,201,000	-	-	1,201,000	1,201,000
(Others)	-		1,000,000	1,000,000	-	-	1,000,000	1,000,000
Department of Water Resources	1,243,530		(1,000,000)	(1,000,000)	-	-	-	-
TOTALS, RESOURCES	\$7,310,181		\$32,225,778	\$39,535,959	-	-	\$39,535,959	\$39,535,959
			(1,615,100)	(1,615,100)	-	-	-	-
HEALTH AND WELFARE								
Department of Health Services	\$745,729		\$233,899	\$979,628	-	-	\$979,628	\$979,628
Department of Developmental Services	70,358,183		78,250	70,436,433	-	-	70,436,433	70,436,433
Department of Mental Health	21,973,268		-	21,973,268	-	-	21,973,268	21,973,268
Employment Development Department	59,000		7,855,331	7,914,331	-	-	7,914,331	7,914,331
Department of Rehabilitation	49,920		-	49,920	-	-	49,920	49,920
Department of Social Services	83,500		-	83,500	-	-	83,500	83,500
TOTALS, HEALTH AND WELFARE	\$93,269,600		\$8,167,480	\$101,437,080	-	-	\$101,437,080	\$101,437,080
			-	-	-	-	-	-
EDUCATION								
Higher Education:								
University of California	-		\$18,238,000	\$18,238,000	-	-	\$18,238,000	\$18,238,000
(Bonds)	-		1,295,000	1,295,000	-	-	1,295,000	1,295,000
(Others)	-		(330,000)	(330,000)	-	-	-	-
(Federal Authorization)	-		(1,848,000)	(1,848,000)	-	-	-	-
Hastings College of Law	-		776,000	776,000	-	-	776,000	776,000
California State University and Colleges	-		11,625,500	11,625,500	-	-	11,625,500	11,625,500
Board of Governors of the California Community Colleges	-		11,784,200	11,784,200	-	-	11,784,200	11,784,200
Totals, Higher Education	-		\$43,718,700	\$43,718,700	-	-	\$43,718,700	\$43,718,700
			(2,178,000)	(2,178,000)	-	-	-	-
TOTALS, EDUCATION	-		\$43,718,700	\$43,718,700	-	-	\$43,718,700	\$43,718,700
			(2,178,000)	(2,178,000)	-	-	-	-
CORRECTIONAL PROGRAMS								
Department of Corrections	\$127,899,203		-	\$127,899,203	-	-	\$127,899,203	\$127,899,203
Department of the Youth Authority	1,992,525		-	1,992,525	-	-	1,992,525	1,992,525
TOTALS, CORRECTIONAL PROGRAMS	\$129,891,728		-	\$129,891,728	-	-	\$129,891,728	\$129,891,728
			-	-	-	-	-	-

Schedule 7

SUMMARY OF PROPOSED EXPENDITURES BY METHOD OF APPROPRIATION FOR THE FISCAL YEAR 1980-81—Continued

	Proposed Budget Act of 1980			Constitution and Statutory Authorizations ¹			Appropriation authorizations other than Budget Act or Constitution and Statutory Authorizations ¹			Total governmental cost funds ³	Total including selected bond funds ^c
	General Fund	Special funds	Total	General Fund	Special funds	Total	General Fund	Special funds	Total		
GENERAL GOVERNMENT											
Debt Service:											
Department of Food and Agriculture	\$703,756	-	-	\$703,756	-	-	-	-	-	\$703,756	\$703,756
Military Department	113,000	-	-	113,000	-	-	-	-	-	113,000	113,000
Totals, Debt Service	\$816,756	-	-	\$816,756	-	-	-	-	-	\$816,756	\$816,756
Unallocated Capital Outlay	12,800,000	-	-	12,800,000	-	-	-	-	-	12,800,000	12,800,000
TOTALS, GENERAL GOVERNMENT	\$13,616,756	-	-	\$13,616,756	-	-	-	-	-	\$13,616,756	\$13,616,756
TOTALS, CAPITAL OUTLAY	\$292,864,802	\$245,565,708	-	\$538,430,510	\$30,082,500	\$28,420,050	\$34,703,720	\$586,769,659	\$603,216,730		
		(3,973,000)	-	(3,973,000)	-	-	-	-	-		
LOCAL ASSISTANCE											
LEGISLATIVE/JUDICIAL/EXECUTIVE											
Judicial:											
Judicial	\$2,588,408	-	-	\$2,588,408	-	-	-	-	-	\$2,588,408	\$2,588,408
Salaries of Superior Court Judges	28,002,978	-	-	28,002,978	-	-	-	-	-	28,002,978	28,002,978
State Block Grants for Superior Court Judges	7,140,000	-	-	7,140,000	-	-	-	-	-	7,140,000	7,140,000
Contributions to Judges' Retirement Fund	6,352,214	-	-	6,352,214	\$4,589,786	-	\$4,589,786	-	-	10,942,000	10,942,000
Totals, Judicial	\$44,083,600	-	-	\$44,083,600	\$4,589,786	-	\$4,589,786	-	-	\$48,673,386	\$48,673,386
Executive:											
Office of Planning and Research (Federal Authorization)	-	(500,000)	-	(500,000)	-	-	-	-	-	-	-
Office of Emergency Services	-	(52,909,913)	-	(52,909,913)	\$500,000	-	\$500,000	-	-	\$500,000	\$500,000
Natural Disaster Assistance	-	-	-	-	2,750,000	-	2,750,000	-	-	2,750,000	2,750,000
Department of Justice	\$135,000	-	-	\$135,000	-	-	-	-	-	135,000	135,000
Secretary of State	1,119,191	-	-	1,119,191	-	-	-	\$592,712	-	1,711,903	1,711,903
Totals, Executive	\$1,254,191	-	-	\$1,254,191	\$3,250,000	-	\$3,250,000	\$592,712	-	\$5,096,903	\$5,096,903
TOTALS, LEGISLATIVE/JUDICIAL/EXECUTIVE	\$45,337,791	(53,409,913)	-	\$45,337,791	\$4,589,786	\$7,839,786	\$592,712	\$53,770,289	-	\$53,770,289	\$53,770,289
		(53,409,913)	-	(53,409,913)	-	-	-	-	-	-	-
STATE AND CONSUMER SERVICES											
Franchise Tax Board	\$25,000	-	-	\$25,000	-	-	-	-	-	\$25,000	\$25,000
Department of General Services	-	\$4,814,818	-	4,814,818	-	-	-	-	-	4,814,818	4,814,818
Intergovernmental Personnel Act Advisory Council (Federal Authorization)	-	(846,170)	-	(846,170)	-	-	-	-	-	-	-
Public Employees Retirement System	10,734,840	-	-	10,734,840	-	-	-	-	-	10,734,840	10,734,840
Department of Veterans Affairs	840,000	-	-	840,000	-	-	-	-	-	840,000	840,000
TOTALS, STATE AND CONSUMER SERVICES	\$11,599,840	\$4,814,818	(846,170)	\$16,414,658	-	-	-	\$16,414,658	-	\$16,414,658	\$16,414,658

Schedule 7

SUMMARY OF PROPOSED EXPENDITURES BY METHOD OF APPROPRIATION FOR THE FISCAL YEAR 1980-81—Continued

	Proposed Budget Act of 1980		Constitution and Statutory Authorizations ¹		Appropriation authorizations other than Budget Act or Constitution and Statutory Authorizations ¹		Total		Total governmental cost funds ³		Total including selected bond funds ^c	
	General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total	Special Funds	Total	Total
BUSINESS AND TRANSPORTATION												
Business:												
Department of Corporations.....	\$3,780	-	-	\$3,780	-	-	-	-	-	-	\$3,780	\$3,780
Department of Economic and Business Development.....	1,700,000	-	-	1,700,000	-	-	-	-	-	-	1,700,000	1,700,000
Department of Housing and Community Development.....	4,972,000	-	-	4,972,000	-	-	-	-	-	-	4,972,000	4,972,000
Totals, Business.....	\$6,675,780	-	-	\$6,675,780	-	-	-	-	-	-	\$6,675,780	\$6,675,780
Transportation:												
Department of Transportation.....	-	\$83,917,900	-	\$83,917,900	-	-	\$5,240,500	-	\$70,800,000	\$70,800,000	\$159,958,400	\$159,958,400
(Statutory Authorization).....	-	700,351	-	700,351	-	-	(700,351)	-	-	-	700,351	700,351
Office of Traffic Safety:												
(Federal Authorization).....	-	-	-	-	-	-	-	-	-	-	-	-
Totals, Transportation.....	-	\$84,618,251	-	\$84,618,251	-	-	\$5,240,500	-	\$70,800,000	\$70,800,000	\$160,658,751	\$160,658,751
TOTALS, BUSINESS AND TRANSPORTATION.....	\$6,675,780	\$84,618,251	\$91,294,031	\$91,294,031	-	-	\$5,240,500	\$70,800,000	\$167,334,531	\$167,334,531	\$167,334,531	\$167,334,531
RESOURCES												
Special Resources Programs.....	\$415,650	-	-	\$415,650	-	-	-	-	-	-	\$415,650	\$415,650
Air Resources Board.....	4,033,000	-	-	4,033,000	-	-	-	-	-	-	7,344,420	7,344,420
Department of Boating and Waterways.....	-	1,700,000	-	1,700,000	-	-	\$7,400,000	-	-	-	9,100,000	9,100,000
(Others).....	-	(13,117,814)	-	(13,117,814)	-	-	-	-	-	-	-	-
California Coastal Commission.....	756,425	-	-	756,425	-	-	-	-	-	-	756,425	756,425
Department of Parks and Recreation.....	-	-	-	-	-	-	-	\$10,000,000	-	\$10,000,000	10,000,000	10,000,000
(Bonds).....	-	-	-	-	-	-	-	-	-	-	-	-
(Federal Authorization).....	-	8,031,876	-	8,031,876	-	-	-	-	-	-	-	-
San Francisco Bay Conservation and Development Commission.....	-	(22,939,847)	-	(22,939,847)	-	-	-	-	-	-	-	-
Department of Water Resources.....	23,000	-	-	23,000	-	-	-	-	-	-	23,000	23,000
(Bonds).....	5,000,000	-	-	5,000,000	-	-	-	-	-	-	5,000,000	5,000,000
State Water Resources Control Board.....	-	-	-	-	-	-	36,753,000	-	-	-	-	-
(Bonds).....	-	-	-	-	-	-	90,000,000	-	-	-	-	-
TOTALS, RESOURCES.....	\$10,228,075	\$13,043,296	\$23,271,371	\$23,271,371	-	-	\$134,153,000	\$10,000,000	\$10,000,000	\$32,639,495	\$167,424,371	\$167,424,371
HEALTH AND WELFARE												
Office of Statewide Health Planning and Development.....	\$3,424,482	-	-	\$3,424,482	-	-	-	\$3,002,450	-	\$3,002,450	\$6,426,932	\$6,426,932
Department of Alcohol and Drug Abuse Programs.....	61,551,072	-	-	61,551,072	-	-	-	-	-	-	61,551,072	61,551,072
Department of Health Services.....	2,419,813,862	-	-	2,419,813,862	-	-	\$306,115,500	-	3,842,528	3,842,528	2,729,771,890	2,729,771,890
Department of Developmental Services.....	470,275,679	\$80,050	-	470,355,729	-	-	\$1,620,400	-	1,000,000	1,000,000	472,976,129	472,976,129
Department of Mental Health.....	483,627,453	-	-	483,627,453	-	-	-	-	-	-	483,627,453	483,627,453
Employment Development Department.....	6,520,000	-	-	6,520,000	-	-	-	-	-	-	6,520,000	6,520,000
Department of Social Services.....	199,667,901	-	-	199,667,901	-	-	1,197,565,600	-	1,493,640	1,493,640	1,398,727,141	1,398,727,141
(Statutory Authorization).....	1,415,633,700	-	-	1,415,633,700	-	-	(1,415,633,700)	-	-	-	1,415,633,700	1,415,633,700
TOTALS, HEALTH AND WELFARE.....	\$5,060,514,149	\$80,050	\$5,060,594,199	\$5,060,594,199	-	-	\$1,505,301,500	\$9,338,618	\$9,338,618	\$6,575,234,317	\$6,575,234,317	\$6,575,234,317
EDUCATION												
Education—K through 12:												
Department of Education.....	\$280,454,615	\$500,000	\$280,954,615	\$280,954,615	\$8,652,000	\$23,665,000	\$32,317,000	\$14,562,058	-	\$14,562,058	\$327,833,673	\$327,833,673
(Statutory Authorization).....	6,777,457,586	-	-	6,777,457,586	(\$6,777,457,586)	-	-	-	-	-	6,777,457,586	6,777,457,586
(Federal Authorization).....	-	(791,342,152)	-	(791,342,152)	-	-	(6,777,457,586)	-	-	-	-	-
Contributions to Teachers' Retirement Fund.....	171,616,000	-	-	171,616,000	-	-	-	-	-	-	171,616,000	171,616,000
(Statutory Authorization).....	-	-	-	-	-	-	-	-	-	-	-	-
Debt Service on Public School Build Bonds.....	-	-	-	-	-	-	1,500,000	-	-	-	-	-
State School Building Safety.....	-	-	-	-	-	-	-	-	-	-	-	-
School Facilities Aid Program.....	-	-	-	-	-	-	-	-	-	-	-	-
Totals, Education—K through 12.....	\$7,229,528,201	\$500,000	\$7,230,028,201	\$7,230,028,201	\$8,652,000	\$24,865,000	\$33,517,000	\$14,562,058	-	\$14,562,058	\$7,278,107,259	\$7,278,107,259
TOTALS, EDUCATION—K through 12.....	\$7,229,528,201	(791,342,152)	(791,342,152)	(791,342,152)	(6,949,073,586)	(6,949,073,586)	\$33,517,000	\$14,562,058	\$14,562,058	\$6,575,234,317	\$6,575,234,317	\$6,575,234,317

Schedule 7

B-37

COMPARATIVE STATEMENT OF EXPENDITURES BY THE BUDGET ACT AND EXPENDITURES REQUIRED BY THE CONSTITUTION OR OTHER STATUTES FOR THE FISCAL YEARS 1978-79, 1979-80, AND 1980-81

B-38

Schedule 8

COMPARATIVE STATEMENT OF EXPENDITURES BY THE BUDGET ACT AND EXPENDITURES REQUIRED BY THE CONSTITUTION OR OTHER STATUTES FOR THE FISCAL YEARS 1978-79, 1979-80 AND 1980-81—Continued

Purpose and Legal Citation	Actual 1978-79			Estimated 1979-80			Estimated 1980-81		
	General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
Judicial:									
Contributions to Judges' Retirement Fund:									
State Operations:									
Section 75101, Government Code—Judges' Retirement Fund—Supreme & Appellate Courts....	314,881	-	314,881	330,625	-	330,625	347,159	-	347,159
Local Assistance:									
Section 75101, Government Code	4,044,953	-	4,044,953	4,309,121	-	4,309,121	4,589,786	-	4,589,786
Executive:									
Office of Emergency Services:									
State Operations:									
Section 8610.5, Government Code—Chapter 956, Statutes of 1979	-	-	-	-	318,970	318,970	-	200,830	200,830
Local Assistance:									
Section 8610.5, Government Code	-	-	-	-	-	-	-	500,000	500,000
Natural Disaster Assistance:									
Local Assistance:									
Section 8686, Government Code—Chapter 290, Statutes of 1974	-	-4,131,001	-4,131,001	-	3,750,000	3,750,000	-	2,750,000	2,750,000
STATE AND CONSUMER SERVICES									
Department of Consumer Affairs:									
Board of Pharmacy:									
State Operations:									
Carryover Chapter 883, Statutes of 1973	-	49,751	49,751	-	60,000	60,000	-	60,000	60,000
Registered Construction Inspectors:									
State Operations:									
Business and Professions Code Section 9115	-	13,824	13,824	-	-	-	-	-	-
Board of Fabric Care:									
State Operations:									
Business and Professions Code Section 9575.6.....	-	-	-	-	-	-	-	(5,000)	(5,000)
Department of General Services:									
State Operations:									
Section 14678, Government Code	-	693,614	693,614	-	1,039,818	1,039,818	-	1,605,535	1,605,535
Section 15850-15865, Government Code Property Acquisition Act	-	1,172,576	1,172,576	-	1,150,000	1,150,000	-	1,225,000	1,225,000
Section 16379, Government Code	-	851,373	851,373	-	1,602,701	1,602,701	-	2,366,332	2,366,332
Section 4434, Government Code	-	130,825	130,825	-	132,285	132,285	-	141,315	141,315
BUSINESS AND TRANSPORTATION									
Business:									
Department of Insurance:									
State Operations:									
Section 12995, Insurance Code	-	75,202	75,202	-	350,298	350,298	-	460,157	460,157
Transportation:									
Department of Transportation:									
Mass Transportation Program:									
State Operations:									
Abandoned Railroad Account	-	-	-	-	307,590	307,590	-	271,749	271,749
Local Assistance:									
Section 2542, Streets and Highways Code (Chapter 1130, Statutes of 1975)	-	417,522	417,522	-	200,000	200,000	-	200,000	200,000
Capital Outlay:									
Section 2542, Streets and Highways Code	-	-	-	-	-	-	-	3,000,000	3,000,000
Aeronautics Program:									
Local Assistance:									
Section 21602 and 21684.5, Public Utilities Code Section 21602 and 21684.5, Public Utilities Code Sections 21682, 21683, 21684.6, Public Utilities Code	-	360,000	360,000	-	900,000 (700,351)	900,000 (700,351)	-	900,000 (700,351)	900,000 (700,351)
Highway Transportation:									
State Operations:									
Statutory appropriations	-	-	-	-	3,569,300	3,569,300	-	3,725,500	3,725,500
Local Assistance:									
Section 2371, Streets and Highways Code	-	537,131	537,131	-	660,728	660,728	-	415,000	415,000
Department of California Highway Patrol:									
State Operations:									
Section 9250.7, Vehicle Code	-	982,702	982,702	-	2,041,511	2,041,511	-	-	-

Schedule 8

**COMPARATIVE STATEMENT OF EXPENDITURES BY THE BUDGET ACT AND EXPENDITURES REQUIRED BY THE CONSTITUTION
OR OTHER STATUTES FOR THE FISCAL YEARS 1978-79, 1979-80 AND 1980-81—Continued**

Purpose and Legal Citation	Actual 1978-79		Estimated 1979-80		Estimated 1980-81	
	General Fund	Special funds	General Fund	Special funds	General Fund	Special funds
	Total		Total		Total	
RESOURCES						
Wildlife Conservation Board:						
Capital Outlay:						
Section 1352, Fish and Game Code	-	40,963	-	2,918,500	-	2,082,500
Department of Boating and Waterways:						
Local Assistance:						
Section 8352(g), Revenue and Taxation Code	-	7,470,770	-	7,400,000	-	7,400,000
Department of Parks and Recreation:						
State Operations:						
Section 2107.7(b), Streets and Highways Code....	-	782,636	-	1,017,364	-	-
Division of Exposition and State Fair:						
State Operations:						
Section 19622(a), Business and Professions Code	-	265,000	-	265,000	-	265,000
Department of Water Resources:						
Capital Outlay:						
Section 12938, Water Code	-	36,672,081	-	25,000,000	-	25,000,000
HEALTH AND WELFARE						
Office of Statewide Health Planning and Development:						
State Operations:						
Section 15012, Health and Safety Code	-	1,680,000	-	1,839,228	-	1,967,973
Department of Health Services:						
State Operations:						
Section 25174, Health and Safety Code	-	622,995	-	1,200,618	-	1,912,143
Section 309, Health and Safety Code	-	-	-	-	-	7,208,979
Public Health Services for Local Agency:						
Local Assistance:						
Section 16703, Welfare and Institutions Code	-	-	267,000,000	-	306,115,500	-
(Chapter 282, Statutes of 1979)	-	-	-	-	-	-
Section 309, Health and Safety Code	-	-	-	-	-	-
Department of Developmental Services:						
Developmental Disabilities Program:						
Local Assistance:						
Section 38257, Health and Safety Code	-	1,542,926	-	1,620,400	-	1,620,400
Employment Development Department:						
State Operations:						
Section 1590, Unemployment Insurance Code.....	-	7,644,151	-	1,124,764	-	180,505
Capital Outlay:						
Section 1586.5, Unemployment Insurance Code ..	-	220,960	-	-	-	-
Department of Social Services:						
SSI-SSP Grants:						
Local Assistance:						
Section 12000, Welfare and Institutions Code—	(723,444,926)	-	(880,570,100)	(880,570,100)	(1,310,291,600)	(1,310,291,600)
Subventions for Public Assistance						
AFDC Grants:						
Local Assistance:						
Section 15200, Welfare and Institutions Code—	594,174,463	-	678,193,300	678,193,300	1,179,172,800	1,179,172,800
Subventions for Public Assistance						
Section 15200.1 and 15200.2 Welfare and Insti-						
tutions Code—Child Support and Incentive	-	-	11,928,000	11,928,000	16,199,400	16,199,400
Payments.....						
Special Adult Programs:						
Local Assistance:						
Sections 12550 and 12551, Welfare and Institutions	(5,268,100)	-	(3,708,700)	(3,708,700)	(4,196,000)	(4,196,000)
Code—Harrington vs. Obledo						
Special Social Service Programs:						
Local Assistance:						
Section 16151, Welfare and Institutions Code—	1,901,280	-	1,978,700	1,978,700	2,193,400	2,193,400
Maternity Care						
County Administration:						
Local Assistance:						
Section 11000, Division 9 Welfare and Institutions	(78,763,100)	-	(82,577,200)	(82,577,200)	(101,146,100)	(101,146,100)
Code—County Administration.....						

Schedule 8 **COMPARATIVE STATEMENT OF EXPENDITURES BY THE BUDGET ACT AND EXPENDITURES REQUIRED BY THE CONSTITUTION** **OR OTHER STATUTES FOR THE FISCAL YEARS 1978-79, 1979-80 AND 1980-81—Continued**

Purpose and Legal Citation	Actual 1978-79		Estimated 1979-80		Estimated 1980-81	
	General Fund	Special funds	General Fund	Special funds	General Fund	Special funds
EDUCATION						
Education—K through 12:						
Department of Education:						
General Activities:						
State Operations:						
Section 19632 (b)—Business and Professions Code, Chapter 222, Statutes of 1979, Vocational Education Study Organizations.....	-	-	-	-	500,000	-
Section 41304 (a), Education Code—Driver Training	150,088	-	268,095	-	276,053	-
Section 41312 and 41353, Education Code—Child Nutrition and Educationally Disadvantaged Youth	(1,546,654)	-	(828,956)	-	(863,790)	-
Chapter 894, Statutes of 1977	-	-	-	-	595,500	-
School Improvement Programs:						
Local Assistance:						
Section 52045, Government Code—School Improvement Program	-	-	(135,434,259)	-	(157,215,342)	-
Staff Development and Resource Centers:						
Local Assistance:						
Section 74, Chapter 894, Statutes of 1977	-	-	(1,445,000)	-	(2,055,950)	-
Economic Impact Aid:						
Local Assistance:						
Sections 54053 and 54054, Education Code	-	-	(145,104,406)	-	-	-
Section 54053 Education Code—Funding for Economic Impact Aid	-	-	-	-	-	-
Sections 54053 and 54054, Education Code	-	-	-	-	(162,015,803)	-
Sections 54053—Education Code—Funding for Economic Impact Aid	-	-	-	-	-	-
Educationally Disadvantaged Youth Program:						
Local Assistance:						
Section 52045, Government Code—School Improvement	-	-	-	-	-	-
Urban Impact Aid:						
Local Assistance:						
Section 54058, Education Code	-	-	(44,065,800)	-	8,652,000	-
Section 54060, Education Code	-	-	-	-	-	-
Special Education:						
Local Assistance:						
Section 14004.5, Education Code	101,424,174	-	(149,404,143)	-	(516,247,569)	-
Section 14004.5, Education Code	-	-	-	-	-	-
Section 56160, Education Code—Master Plan for Special Education.....	-	-	-	-	-	-
Section 56364, Education Code—Chapter 282, Statutes of 1979, Section 36.4.....	-	-	39,800,000	-	-	-
Instructional Materials:						
Local Assistance:						
Section 60246, Education Code	-	-	(38,351,080)	-	(42,684,752)	-
Appointments for Public Schools K-12:						
Local Assistance:						
Sections 14002 and 52200-52208, Education Code	-	-	-	-	-	-
Sections 14002 and 52200-52208, Education Code	-	-	-	-	(5,897,238,170)	-
Section 14035 Education Code—County Cooperative Publications.....	14,443	-	-	-	-	-
Section 41900, Education Code, Driver Training Contributions to Teachers' Retirement Fund:	-	-	-	-	-	-
Local Assistance:						
For State Teachers' Retirement System Payable from General Fund	-	-	-	-	(171,616,000)	-
Debt Service on Public School Building Bonds:						
Local Assistance:						
Section 15903, Education Code Bonds	-16,376,438	-	-35,329,700	-	-54,696,816	-
Section 19611, Education Code	-	1,461,134	-	1,498,930	-	1,500,000
State School Building Safety:						
Local Assistance:						
Section 19700.74, Education Code—Chapter 500, Statutes of 1972	-	-99,871	-	-522,021	-	-300,000
Section 19700.74, Education Code—Chapter 500, Statutes of 1972	-	-	-	549,894	-	-

Schedule 8

COMPARATIVE STATEMENT OF EXPENDITURES BY THE BUDGET ACT AND EXPENDITURES REQUIRED BY THE CONSTITUTION
OR OTHER STATUTES FOR THE FISCAL YEARS 1978-79, 1979-80 AND 1980-81—Continued

Purpose and Legal Citation	Actual 1978-79		Estimated 1979-80		Estimated 1980-81	
	General Fund	Special funds	General Fund	Special funds	General Fund	Special funds
Education—K through 12:						
School Facilities Aid Program:						
Local Assistance:						
Section 100.1, Education Code.....	-	-	86,462,438	-	86,462,438	-
Section 17780, Education Code.....	-	-	-	-	-	-
Higher Education:						
Board of Governors of the California Community Colleges:						
Appointments for Community Colleges:						
Local Assistance:						
Section 14020, Education Code.....	665,970,360	-	-	-	-	-
Statutory Appropriation Created by Chapter 282, Statutes of 1979 (AB 8), Replacing Budget Act Item 364, Statutes of 1979.....	-	-	976,000,000	-	976,000,000	-
Article IX, Section 6, and Section 14020, Education Code.....	-	-	-	-	-	-
Instructional Improvement:						
Local Assistance:						
Transfer to Community College Fund for Instructional Improvement.....	-	-	(755,000)	-	(755,000)	-
Chapter 714, Statutes of 1977—Grants and Loans Reallocation.....	1,900,000	-	-	-	-	-
GENERAL GOVERNMENT						
General Administration:						
Fair Political Practice Commission:						
State Operations:						
Proposition 9 of 1974.....	1,359,504	-	1,581,079	-	1,581,079	-
Department of Food and Agriculture:						
State Operations:						
Section 224(2), Food and Agriculture Code.....	-	429,236	-	1,000,000	-	1,000,000
Section 224(1), Food and Agriculture Code.....	-	500,000	-	500,000	-	500,000
Payment to Counties for Agricultural Programs:						
Local Assistance:						
Section 12112, Food and Agriculture Code.....	-	22,348	-	18,543	-	18,543
Section 12539, Food and Agriculture Code.....	-	26,275	-	30,000	-	30,000
Section 12844, Food and Agriculture Code.....	-	2,619,983	-	3,187,500	-	3,500,000
Section 224(3), Food and Agriculture Code.....	-	1,865,000	-	2,320,032	-	2,336,784
Section 224(2), Food and Agriculture Code.....	-	-	-	570,764	-	-
General Administration:						
Financial Assistance to Local Fairs:						
Local Assistance:						
Section 19620(B-3), Business and Professions Code—Unemployment Insurance.....	-	-	-	-	-	400,000
Section 19622(B)-(D), Business and Professions Code.....	-	625,000	-	625,000	-	625,000
Section 19626, Business and Professions Code—Citrus Fruit Fairs.....	-	150,000	-	150,000	-	150,000
Section 19627, Business and Professions Code.....	-	4,455,000	-	6,460,000	-	6,460,000
Section 19627.2, Business and Professions Code.....	-	357,180	-	410,000	-	410,000
Section 19627.3, Business and Professions Code.....	-	1,309,271	-	-	-	-
Section 19630, Business and Professions Code—Engineering Services.....	-	(167,153)	-	-	-	-
Section 19630, Business and Professions Code—Permanent Improvements.....	-	2,802,310	-	-	-	-
Section 19630, Business and Professions Code—Engineering Services.....	-	-	-	(213,348)	-	-
Section 19630, Business and Professions Code.....	-	-	-	6,519,851	-	-
Section 19630, Business and Professions Code—Engineering Services.....	-	-	-	-	-	-
Section 19630, Business and Professions Code—Financial Assistance to Local Fairs.....	-	-	-	-	-	-
Section 19630.1, Business and Professions Code.....	-	1,500,000	-	1,000,000	-	5,729,273
Section 19630.3, Business and Professions Code—Major and Deferred Maintenance.....	-	-	-	2,000,000	-	2,000,000
Section 29627.3, Business and Professions Code effective thru 12/31/79 and Business and Professions Code Section 19630 1/1/80.....	-	-	-	1,454,132	-	-
Section 4002, Food and Agriculture Code.....	-	123,468	-	202,500	-	-

Schedule 8

**COMPARATIVE STATEMENT OF EXPENDITURES BY THE BUDGET ACT AND EXPENDITURES REQUIRED BY THE CONSTITUTION
OR OTHER STATUTES FOR THE FISCAL YEARS 1978-79, 1979-80 AND 1980-81—Continued**

<i>Purpose and Legal Citation</i>	<i>Actual 1978-79</i>		<i>Estimated 1979-80</i>		<i>Estimated 1980-81</i>	
	<i>General Fund</i>	<i>Total</i>	<i>General Fund</i>	<i>Special funds</i>	<i>General Fund</i>	<i>Special funds</i>
Workers' Compensation Benefits:						
Workers' Compensation Benefits for Subsequent Injury:						
State Operations:						
Section 4706.5(E) Labor Code	-	2,002,527	-	2,000,000	-	2,000,000
General Administration:						
Horse Racing Board:						
State Operations:						
Section 19619(e), Business and Professions Code						
for transfer to Fair and Exposition Fund	-	295,049	-	641,603	-	780,000
Tax Relief:						
Personal Property Tax Relief:						
Local Assistance:						
Section 16100, Government Code	(211,341,669)	(211,341,669)	(210,525,000)	-	(466,725,000)	-
Homeowners' Property Tax Relief:						
Local Assistance:						
Section 16100, Government Code—Homeowner						
Property Tax Exemption	(336,931,063)	(336,931,063)	(338,000,000)	-	(344,000,000)	-
Subventions for Open Space:						
Local Assistance:						
Section 16100 or 16140, Government Code—Open						
Space Payments to Local Governments	(12,905,683)	(12,905,683)	(14,000,000)	-	(14,000,000)	-
Renters' Tax Relief:						
Local Assistance:						
Section 17053.5, Revenue and Taxation Code	(133,801,979)	(133,801,979)	(167,000,000)	-	(418,000,000)	-
Shared Revenues:						
Liquor License Fees for General Government:						
Local Assistance:						
Section 23761, Business and Professions Code	-	14,078,480	-	14,220,000	-	14,360,000
Highway Property Rental Receipts for General Govern-						
ment:						
Local Assistance:						
Section 104.10, Streets and Highways Code	-	4,140,855	-	2,075,000	-	2,080,000
Off-Highway License Fees for General Government:						
Local Assistance:						
Sections 11003.3 and 11005, Revenue and Taxation						
Code	-	552,310	-	420,000	-	460,000
Motor Vehicle License Fees for Counties and Cities:						
Local Assistance:						
Sections 11003.3 and 11005, Revenue and Taxation						
Code	-	550,864,713	-	650,000,000	-	690,000,000
Cigarette Tax for Counties and Cities:						
Local Assistance:						
Section 30462(c), Revenue and Taxation Code	-	81,289,831	-	81,500,000	-	83,000,000
Highway Carriers Uniform Business License Tax:						
Local Assistance:						
Section 4306(b), Public Utilities Code	-	2,483,523	-	3,450,000	-	3,500,000
Tideland Revenue for Cities and Counties:						
Local Assistance:						
Section 6817, Public Resources Code	207,616	207,616	225,000	-	225,000	-
Motor Vehicle Fuel Tax for Counties:						
Local Assistance:						
Section 2104, Streets and Highways Code	-	181,823,957	-	181,551,000	-	183,451,000
Motor Vehicle Fuel Tax for Cities:						
Local Assistance:						
Sections 194, 2107 and 2107.5, Streets and High-						
ways Code	-	80,589,409	-	79,655,000	-	81,789,000

Schedule 8

**COMPARATIVE STATEMENT OF EXPENDITURES BY THE BUDGET ACT AND EXPENDITURES REQUIRED BY THE CONSTITUTION
OR OTHER STATUTES FOR THE FISCAL YEARS 1978-79, 1979-80 AND 1980-81—Continued**

Purpose and Legal Citation	Actual 1978-79		Estimated 1979-80		Estimated 1980-81	
	General Fund	Special funds	General Fund	Special funds	General Fund	Special funds
Motor Vehicle Fuel Tax for Counties and Cities:						
Local Assistance:						
Section 2106, Streets and Highways Code	-	116,568,332	-	116,372,000	-	118,207,000
Section 26483, Revenue and Taxation Code	-	-	-	29,000,000	-	63,000,000
TOTALS, STATUTORY AUTHORIZATION	\$1,355,690,975	\$1,110,908,520	\$2,466,599,495	\$1,252,663,501	\$2,583,936,224	\$1,334,233,897
Totals, State Operations	\$2,430,124	\$14,482,973	\$16,913,097	\$24,726,247	\$3,988,338	\$27,922,235
Totals, Capital Outlay	-	\$36,934,004	\$36,934,004	\$27,918,500	-	\$30,082,500
Totals, Local Assistance	\$1,355,260,851	\$1,059,491,543	\$2,412,752,394	\$1,202,818,553	\$2,579,947,886	\$1,280,217,500
TOTALS, BUDGET ACT APPROPRIATIONS IN LIEU OF STATUTORY AUTHORIZATIONS	(\$1,507,077,925)	(\$167,153)	(\$1,507,245,078)	(\$947,579)	(\$968,453)	(\$9,613,549,004)
TOTALS, AUTHORIZED BY CONSTITUTION AND STATUTES	\$1,670,826,238	\$1,128,626,346	\$2,799,452,784	\$1,274,744,841	\$2,804,160,504	\$1,357,898,897
Totals, State Operations	\$188,270,847	\$14,482,973	\$202,753,820	\$21,926,448	\$224,212,681	\$23,933,897
Totals, Capital Outlay	-	\$36,934,004	\$36,934,004	\$27,918,500	-	\$30,082,500
Totals, Local Assistance	\$1,482,555,391	\$1,077,209,369	\$2,559,764,960	\$1,224,899,893	\$2,579,947,886	\$1,303,882,500
TOTALS, BUDGET ACT APPROPRIATIONS IN LIEU OF CONSTITUTIONAL AND STATUTORY AUTHORIZATIONS	(\$1,507,077,925)	(\$167,153)	(\$1,507,245,078)	(\$1,004,847)	(\$9,612,580,551)	(\$1,026,568)
BUDGET ACT AND OTHER AUTHORIZATIONS	\$2,874,677,473	\$831,074,856	\$3,705,752,329	\$1,197,937,073	\$3,902,976,987	\$1,299,743,392
Totals, State Operations	\$115,616,684	\$264,639,250	\$380,255,934	\$378,678,660	\$299,148,472	\$257,538,687
Totals, Capital Outlay	\$11,589,654,011	\$73,494,449	\$11,663,148,460	\$194,224,788	\$13,742,116,420	\$184,014,224
Totals, Local Assistance	-	-	-	-	-	-
TOTALS, BUDGET ACT AND OTHER AUTHORIZATIONS	\$14,579,948,168	\$1,169,208,555	\$15,749,156,723	\$1,770,840,521	\$17,944,241,879	\$1,741,296,303
TOTALS, ALL AUTHORIZATIONS	\$16,250,774,406	\$2,297,835,101	\$18,548,609,507	\$3,045,585,362	\$20,748,402,383	\$3,099,195,200

Schedule 9
STATEMENT OF BONDED DEBT OF THE STATE OF CALIFORNIA AS OF DECEMBER 31, 1979
GENERAL OBLIGATION BONDS

(This statement does not include bonds issued under authority of State instrumentalities
which are not general obligations of the State of California)

<i>Name of issue</i>	<i>Percent rate of interest</i>	<i>Maturity</i>	<i>Authorized</i>	<i>Unsold</i>	<i>Redemptions</i>	<i>Outstanding</i>
GENERAL FUND BONDS						
State Construction Program Bond Act of 1955.....	3 1/4	1955-1985	\$200,000,000	-	\$150,000,000	\$50,000,000
State Construction Program Bond Act of 1958.....	1/2-4	1962-1989	200,000,000	-	123,400,000	76,600,000
State Construction Program Bond Act of 1962.....	1/2-4	1965-1991	270,000,000	-	133,900,000	136,100,000
State Construction Program Bond Act of 1964.....	3/8-3 1/4	1967-1994	380,000,000	-	168,750,000	211,250,000
State Higher Education Construction Program Bond Act of 1966.....	3/8-5 1/2	1968-1993	230,000,000	-	102,290,000	127,710,000
Junior College Construction Program Bond Act of 1968.....	3 1/2-5 1/2	1970-1991	65,000,000	-	27,500,000	37,500,000
Health Science Facilities Bond Act of 1971.....	3 1/2-6	1975-1998	155,900,000	-	19,345,000	136,555,000
Community College Construction Program Bond Act of 1972.....	3 1/2-6 1/2	1974-1997	160,000,000	-	35,250,000	124,750,000
State Beach, Park, Recreational and Historical Facilities Bond Act of 1964.....	3 1/2-6 1/2	1967-1992	150,000,000	-	71,750,000	78,250,000
State Beach, Park, Recreational and Historical Facilities Bond Act of 1974.....	5-6 1/2	1975-1999	250,000,000	\$65,000,000	22,750,000	162,250,000
Recreation and Fish and Wildlife Enhancement Bond Act of 1970.....	4-6 1/2	1972-1995	60,000,000	-	17,500,000	42,500,000
California Clean Water Bond Act of 1970.....	3 1/2-6 1/2	1972-1997	250,000,000	10,000,000	64,000,000	176,000,000
California Clean Water Bond Act of 1974.....	4 1/2-6 1/2	1978-1997	250,000,000	125,000,000	8,750,000	116,250,000
California Safe Drinking Water Bond Law of 1978.....	5 1/2-5 1/2	1987-2012	375,000,000	375,000,000	-	30,000,000
California Urban and Coastal Park Bond Law of 1976.....	4 1/2-5 1/2	1978-1999	175,000,000	145,000,000	-	119,250,000
Totals, General Fund Bonds.....			\$3,450,900,000	\$875,000,000	\$951,135,000	\$1,624,765,000
PARTIALLY SELF-LIQUIDATING BONDS ¹						
State School Building Bond Act of 1952.....	1/2-3 1/4	1955-1990	\$185,000,000	-	\$162,500,000	\$22,500,000
State School Building Bond Act of 1954.....	3 1/4-3 1/2	1959-1984	100,000,000	-	80,000,000	20,000,000
State School Building Bond Act of 1957.....	1-3 1/2	1960-1985	100,000,000	-	73,800,000	26,200,000
State School Building Bond Act of 1958.....	3 1/4	1961-1987	220,000,000	-	143,600,000	76,400,000
State School Building Bond Act of 1960.....	1/2-3 1/2	1963-1990	300,000,000	-	173,200,000	126,800,000
State School Building Bond Act of 1962.....	1/2-3 1/2	1966-1991	200,000,000	-	96,000,000	104,000,000
State School Building Bond Act of 1964.....	3-4 1/2	1967-1994	260,000,000	-	101,500,000	158,500,000
State School Building Bond Act of 1966.....	3 1/2-6	1970-1992	275,000,000	-	122,070,000	152,930,000
State School Building Bond Act of 1972.....	4 1/2-5 1/2	1974-1997	350,000,000	-	65,000,000	285,000,000
State School Building Bond Act of 1974.....	4 1/2-5	1978-1997	150,000,000	-	6,000,000	79,000,000
Totals, Partially Self-liquidating Bonds.....			\$2,140,000,000	\$65,000,000	\$1,025,670,000	\$1,049,330,000
Totals, General Fund Bonds.....			\$5,590,900,000	\$940,000,000	\$1,976,805,000	\$2,674,095,000

Schedule 9
STATEMENT OF BONDED DEBT OF THE STATE OF CALIFORNIA AS OF DECEMBER 31, 1979—Continued
 (This statement does not include bonds issued under authority of State instrumentalities
 which are not general obligations of the State of California)

Name of issue	Percent rate of interest	Maturity	Authorized	Unsold	Redemptions	Outstanding
SELF-LIQUIDATING BONDS ¹						
California Water Resources Development Bond Act of 1959	$\frac{1}{10}$ - $\frac{6}{10}$ %	1973-2022	\$1,750,000,000	\$180,000,000	\$52,750,000	\$1,517,250,000
Harbor Bonds						
San Francisco Harbor Improvement Act of 1909 ¹	4	1951-1985	\$9,000,000	-	\$8,328,000	\$672,000
San Francisco Harbor Improvement Act of 1913 ^{4b}	4	1955-1989	9,450,000	-	8,130,000	1,320,000
San Francisco Harbor Improvement Act of 1929	$1\frac{1}{2}$ - $3\frac{1}{2}$ %	1952-1983	10,000,000	-	9,630,000	370,000
India Basin Act of 1909 ^{3g}	4	1941-1985	853,000	-	780,000	73,000
Harbor Development Bond Law of 1958 ¹	1- $5\frac{1}{2}$ %	1964-1998	60,000,000	-	30,585,000	29,415,000
Totals, Harbor Bonds			\$89,303,000	-	\$57,453,000	\$31,850,000
Veterans Farm and Home Building Bonds						
Veterans Bond Act of 1956	1- $3\frac{1}{2}$ %	1958-1984	\$500,000,000	-	\$424,700,000	\$75,300,000
Veterans Bond Act of 1958	$3\frac{1}{2}$ -4	1961-1986	300,000,000	-	194,700,000	105,300,000
Veterans Bond Act of 1960	$\frac{1}{10}$ -4	1962-1989	400,000,000	-	227,400,000	172,600,000
Veterans Bond Act of 1962	$3\frac{1}{2}$ -4.35	1966-1988	250,000,000	-	142,475,000	107,525,000
Veterans Bond Act of 1968	$3\frac{1}{2}$ -5%	1971-1992	200,000,000	-	80,000,000	120,000,000
Veterans Bond Act of 1971	$3\frac{1}{2}$ -6%	1973-2000	250,000,000	-	49,900,000	200,100,000
Veterans Bond Act of 1974	5-6%	1977-2002	350,000,000	-	45,550,000	304,450,000
Veterans Bond Act of 1976	$5\frac{1}{2}$ -5%	1979-2003	500,000,000	-	8,000,000	492,000,000
Veterans Bond Act of 1978			500,000,000	-	-	300,000,000
Totals, Veterans Farm and Home Building Bonds			\$3,250,000,000	\$200,000,000	\$1,172,725,000	\$1,877,275,000
Totals, Self-Liquidating Bonds			\$5,089,303,000	\$380,000,000	\$1,282,928,000	\$3,426,375,000
TOTALS, ALL GENERAL OBLIGATION BONDS			\$10,680,203,000	\$1,320,000,000	\$3,259,733,000	\$6,100,470,000

¹ The state school building issues debt service payments are partially refinanced with funds of the borrowing school districts over a 30- to 40-year repayment period as prescribed by statutes.

² The California Water Resource Development Bond Act, the San Francisco Harbor Improvement Act, and the Veterans Bond Acts are public service enterprises which have their own revenues to finance their respective debt service expenditures.

³ Callable on and after July 1, 1951, by lot.

⁴ Callable on and after July 2, 1955, by lot.

⁵ Callable on and after January 1, 1941, by lot.

⁶ Chapter 70, Statutes of 1972, authorizes a reduction in the amount of bonds from \$1,000,000 to \$853,000, and also authorizes a reduction of the San Francisco Harbor Improvement Act of 1913 bonds from \$10,000,000 to \$9,450,000 to eliminate the unsold, unissued bonds and thereby report unsold bonds as zero accountability.

⁷ The Harbor Development Bond Law of 1958 includes an authorization of \$50,000,000 for San Francisco harbor development and \$10,000,000 for the development of small craft harbors as provided by Chapter 103, Statutes of 1958, First Extraordinary Session.

